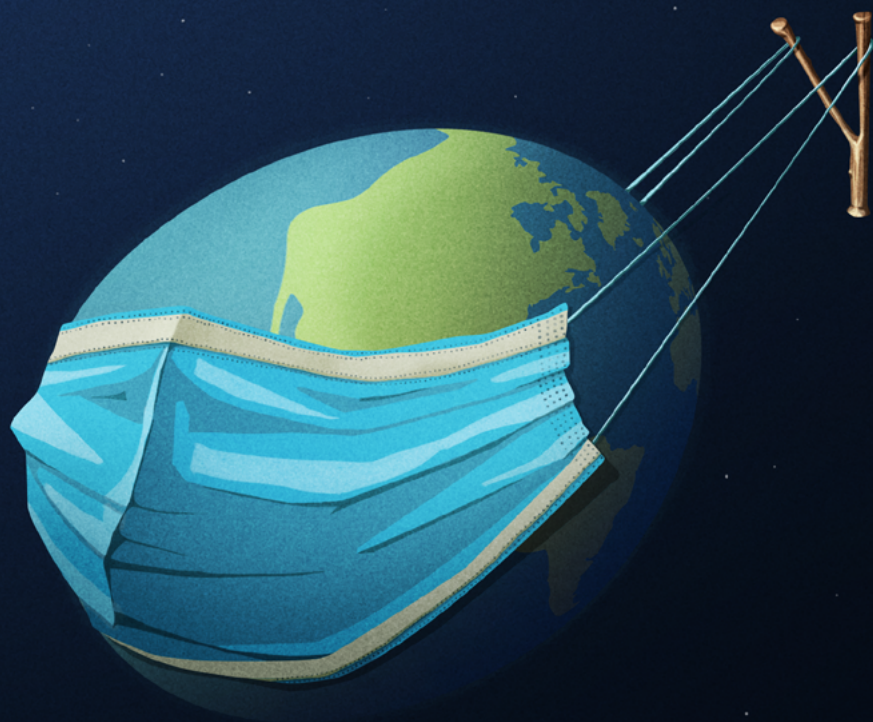


# mediafactbook

ROMANIA 2020



*Initiative*



# 2020 MEDIA FACT

This document is a product of INITIATIVE

In putting together the Media Fact Book we have used data and information supplied by: The Romanian Association for Audience Measurement (ARMA), The Romanian Audit Bureau of Circulation (BRAT), The Romanian Association for Radio Audience Measurement (ARA), Kantar Media, International Advertising Association (IAA), Interactive Advertising Bureau (IAB), PriceWaterhouseCoopers, Business Monitor International, ANRCTI, The National Institute of Statistics (INSSE), EuroStat, focus-economics.com, ANCOM, Profit.ro, iSense Solutions, Similar Web, Global Web Index, Statista, GPeC.

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Your comments and suggestions are welcome as a valuable input for the future editions of this book.

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# 2020 MEDIA FACTBOOK

# EDITOR'S FOREWORD

I will open with a blunt statement: the current crisis is nothing like the one in 2009, from a media point of view.

Figures speak for themselves. In 2009, the media market fell by 36%, losing around 200M Euro. It then needed 3 years to turn back to growth. Now, according to our forecast, 80M Euro (16.5%) will be lost by the end of 2020 – not a trivial amount, but not the same, either. And this is only the tip of the iceberg.

In 2009, 115M Euro were lost by TV alone, a hard blow from which TV never recovered fully. This was not only due to reduced business volumes (GRPs sold). It was massively worsened by strong deflation, a race to the bottom which not only contributed to the immediate crash of the market, but also made it much more difficult to return to growth, as heavily discounted prices became the norm. This time, the market knows better. Media groups provided better deals during the state of emergency but avoided a “GRP yard sale”. They emphasized flexibility, availability and, accounting for the risks of a

pandemic, own measures for business continuity. The focus was set not on cheap exposure, but on preserving connections – something which brands, just as individuals, need to do in times of social distancing.

However, in the long term, the big losers of 2009 were OOH (28M Euro lost) and Print (43M Euro lost). Let's understand why this happened and why it's impossible to happen again.

OOH will always suffer in times of uncertainty, as long as it is not measured. It is (ironically) a “good weather” medium. As soon as clouds gather above the economy and cuts have to be made, marketing executives look for KPIs, if possible real-time, and even in 2020 most outdoor locations are unable to provide this. Falling from 70M Euro in 2009, OOH has struggled under 35M Euro for 9 years and just when it was regaining some momentum, COVID-19 sends it to the lowest level in recent history, 23M Euro estimated for this year.

The obvious, if sad remark is that OOH has little room left to fall. And, in all fairness, it probably lost some of its value due to negative advertiser sentiment, rather than loss of reach, as some locations continued to record good traffic even during lockdown, based on Google Mobility data.

Print was a completely different story (but also a sad one). In the present, its impact on the media market has become very low (2-3%). But back in 2008, Print stood for 15% of the market, while suffering from a fatal vulnerability: the circulation of many key titles had been artificially increased by bundling “premiums”. Rather than be read for their content, newspapers became more like wrapping papers for books or various collectibles. As the crisis hit, publishers discovered that they could only sustain much more modest circulations, which in turn drove advertisers away. At the same time, distribution collapsed, with a strong impact on readership. Print, we might say, had been cut both at the suppliers' and at the consumers' ends.

At this moment, neither Print, nor OOH could drive much higher losses. TV loses almost 50M Euro, but keeps prices at a decent level, so it conserves its potential to recover. Furthermore, the lockdown proved that peoples' love story with TV is still going strong. Media groups and agencies had wished for an increase in TTV, to reduce inflationary pressures, and it happened in big style, with 30-40% increases in daily TTV rating, at the peak of the lockdown. But careful what you wish for! We got the extra rating, not the extra spending, as part of the big advertisers was in offside, dealing with the forced closure of their businesses. Even so, TV stations have a much better position now, than they had in 2009.

What about Digital? In 2008 (when we still called it “Internet”) we estimated Digital at 16M Euro or 3% of the media market. Since then, it was the only medium to keep growing no matter what, year after year. Until now. And here comes the biggest headline: Digital loses 7M Euro in 2020! We explain how this happened in the “Media Market”

section and, further, in “Digital”. For the moment, let this sink in: we’ve watched Digital advertising grow and now it has come of age. It is no longer invulnerable to economic crises, and it gets its own bruises as marketing budgets fall. However, same as TV, Digital media saw strong increases in engagement during the first half of 2020. Better than TV, it has a cellular, decentralized content structure, with big advertising platforms which are highly resilient to economic issues. So, again, while budgets temporarily decrease, the framework remains in place, ready to support a quick recovery as soon as possible.

For all these reasons we can say that the COVID-19 tsunami, as violent as it may be, is nothing like the 2009 earthquake, at least in Romanian media. Even if medical problems extend into the second half of the year or 2021, we have reasons to maintain a positive outlook.

One final, key question: will people be able and willing to

spend as much as needed in order to support economic recovery? Measures being taken, at European and national level, make us believe that stimulus will be available to support spending and maintain lifestyles at a decent level. But one final piece of evidence should give us additional peace of mind. People plan to spend less money on “unnecessary things”, according to an ongoing study from iSense Solutions, but at the same time they increase consumption of things like alcoholic drinks, sweets and cosmetics. Google searches for treadmills (among others) went through the roof, so did VOD subscriptions. Who are we to say what’s “necessary”?

People will continue to spend on whatever helps them deal with current needs. It is up to us, agencies and clients, to understand these needs and guide people to the solutions we provide. Not much has changed after all, at the core of our mission. For everything else, for the evolutions in 2019 and the changes in 2020, let’s have a look at this year’s Media Fact Book.

# WACRO ECONOMY

# AN ECONOMIC YEAR WHEN ONLY UNCERTAINTY IS CERTAIN

All 2020 forecasts and prognosis made by a multitude of entities specialized in understanding the economic outlook have been reduced to nothing in the first weeks of March. In Romania, as everywhere else in the world, economists, analysts, and Government officials have acquired only one certainty - that the future is uncertain. More uncertain than ever.

A crisis with a source outside markets and economic laws, whose ending depends on keeping a new virus under control, has found authorities and companies lacking the prescription for a treatment verified in the past. Never in known times have decisions been made so largely based on... nothing. In the absence of verified data, information and models, analysts are speculating around possible recovery scenarios in an uncertain future, following an economic collapse of equally uncertain magnitude.

“It will be a quick, type V return”, some say. “More likely, however, it will be a U type, slower one”, anticipate others with caution. “Not even a W evolution is ruled out, with a relapse before a new increase”; a saraband of alphabetical forecasts, which an

entrepreneur cannot rely on to adapt his business plans, more than on his intuition.

Unlike previous crises, this time, the main causes of the economic collapse are not the disruption of market mechanisms, or miscalculations made by companies and public authorities. Now, the economy has simply been shut down “by decree”, in many sectors that transmit chain reactions to others as well, in order to focus all social efforts on a single goal: the fight against a virus.

Unfortunately, the exit cannot be as simple, even if a law would suddenly lift all restrictions. The economy is not recovering as easily as it froze, its mechanisms are not restarting unaffected exactly where they were left off. Thousands of shutdown companies will not have the

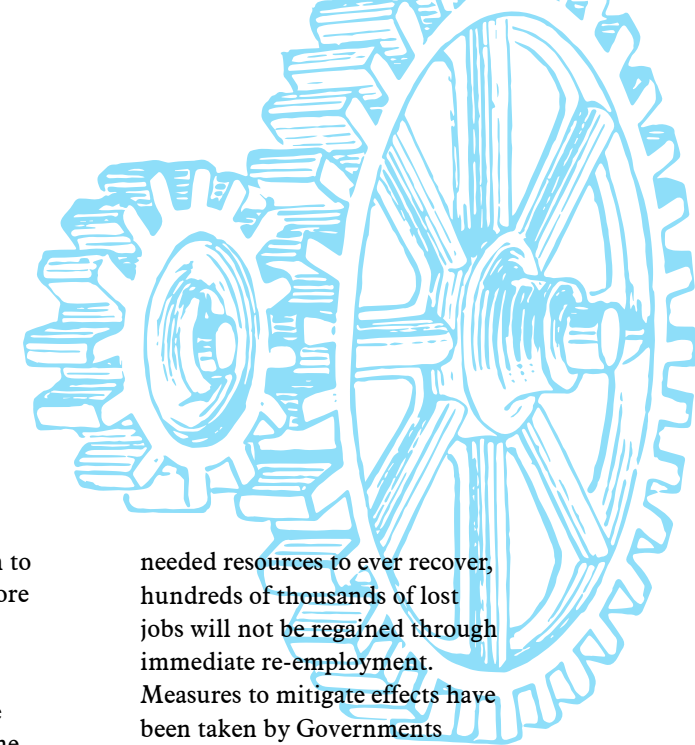
needed resources to ever recover, hundreds of thousands of lost jobs will not be regained through immediate re-employment. Measures to mitigate effects have been taken by Governments everywhere, central banks have accelerated money printing at historically unprecedented rates, but all of these are only temporary band-aids.

A true recovery cannot exist until the real economy and markets regain their breath on their own, companies restart production and consumers start buying again. Central banks cannot print food, nor vehicles, construction materials or real services.

And Governments cannot pay technical unemployment or guaranteed minimum incomes to entire nations of people turned into long-term socially assisted.



DANA OSMAN



## THE RECOVERY, ON MOVING SAND

The timing of such a true recovery can hardly be guessed now, when many questions have not yet been answered. How long before all economic activities will be able to come back to normality? How long will it take for people to overcome their mobility and consumption restraints, even in the absence of restrictions? When is a second wave of the pandemic expected to happen and to what magnitude? Will we have to shut everything down again and be forced to isolate ourselves once more, before having the chance to at least partially recover economically? For how long and on what resources will the state be able to maintain social stability, in the absence of an active economy maintaining its support policies?

These are all questions without clear answers, even for more developed countries. For Romania, the COVID-19 crisis could not have come at a worse time for a budget already crippled by past irresponsible measures, which ended last year with a fiscal deficit of 4.6%. For the current Government, the fact that the danger of entering the excessive deficit procedure has disappeared,

with the European Commission accepting levels higher than 3% of GDP in the context of the crisis, is nothing more than a sad consolation. Even if not sanctioned by the Commission, the huge deficit must still be financed. And investors' desire to finance states with precarious macroeconomic balances at reasonable costs has diminished together with available resources.

An additional problem is that the new budget deficit estimated by the Ministry of Public Finance at the most recent rectification, of 6.7%, is unrealistically optimistic even at this huge level, given that it is based on the anticipation of an economic decline estimated by the National Forecast Commission at only 1.9%.

A forecast that no one believes in, not even the Government, although it continues to allocate expenditures as if GDP is going to decrease by only that percentage. All international financial institutions, without exception, all rating agencies, the European Commission and all banking economists believe that Romania will have a contraction of GDP of

a double or even triple value than the one the Government is still leaning on.

The European Bank for Reconstruction and Development (EBRD) has strongly revised downwards the forecasts for the Romanian economy this year, in the context of the pandemic, and now estimates a contraction of 4%. Last autumn, it estimated an increase of 3.2%. The European Commission estimates that GDP will fall by 6% this year, and the International Monetary Fund believes that we will have a 5% decline.

Yet recovery prospects are anticipated for 2021, when EBRD considers that Romania's economy is going to register a 4% growth. Such recovery is expected, however, provided the epidemic slows down significantly in the second quarter, and all restrictions are lifted.

Home isolation reduces the private consumption of services that imply direct contact with other people, as well as private consumption of durable goods, which together represent 30% of

the total. The impact could be partially balanced by an increase of food spending, which accounts for 25% of total spending, the largest share in the EU.

Investments have declined due to uncertainty and negative market sentiment, and cashflow pressure and supply chain disruptions could cause ongoing investments to cease.

The most affected areas remain HoReCa, manufacturing, construction, non-food retail, but the effects are being transmitted like a chain reaction in many other areas.

An additional fragility is added in the energy sector, given that the collapse of international oil prices will lead to losses for most players in the field.

Romania is less dependent on international trade compared to other EU countries in the region. Nonetheless, the pandemic was also a heavy blow to Romanian exports, including concerning trade ties with Italy (about 10% of goods exported by Romania go to Italy).

## SOME GOOD SIGNS, THOUGH

A good sign came from the first data released for the first quarter of the year, which turned out to be less bad than expected. The evolution of the economy surprised positively the analysts, who expected a contraction in the first three months, compared to the fourth quarter of 2019. In exchange, the GDP advanced by 0.3%, an evolution which was also determined by “huge” state expenditures, which registered a record budget deficit in the first quarter.

On the other hand, the economic aftermath of the pandemic is expected to be felt most acutely in the second quarter, although Romania will most likely avoid a technical recession.

Compared to the first quarter of 2019, Romania’s economy grew by 2.4% in the first three months of 2020, when the budget deficit reached 1.7% of GDP, the highest level ever recorded. Budget execution was affected by the pandemic in March, but

it was already looking bad since February.

Public consumption remained the main driver of growth at the beginning of this year, but the data include only a small fraction of the traffic restrictions period, imposed with the state of emergency in mid-March.

Retail trade maintained on a high dynamic in the first quarter, and the constructions industry held its very high annual dynamic of almost a third. On the other hand, industrial production continued to decline rapidly and data on all fronts worsened. In March, it exceeded 350,000 layoffs, most of them in retail and manufacturing, and the number of suspended contracts (for technical unemployment) approached 900,000.

Starting March, exports and imports have contracted, wage increases have slowed down and could turn into declines, retail sales are contracting, and industrial production has decreased.

Unfortunately for the economy, the so-called reopening of activities could only be allowed very gradually, the strict social distance remaining in force, with some restrictions related to traveling outside the cities: a situation which analysts expect

to keep the consumer’s morale depressed for a while.

Data on trust in the economy show a minimum low of the last nearly three decades in April, with the lowest expectations regarding industry, services, and trade.

## SMALLER DECREASE THAN IN THE EU, BUT IMPACTED BY THE DECLINE OF WESTERN ECONOMIES

The strongly deteriorated data of the Romanian economy, however, looks better compared to the decrease reported by other European countries, much more severely affected by the coronavirus. The European economy has registered the steepest economic decline in history in the first quarter of 2020, of 3.8% compared to the

fourth quarter of 2019. In those places where the restrictions imposed by the authorities due to the pandemic were tougher, the economic decline was wider: -5% in France, Italy and Spain, compared to about -2% in Germany and the Netherlands, where the situation was more relaxed, while Finland’s economy grew by 0.1%.



And economic evolution at the continental level finally comes to strongly influence our country as well, considering that the EU is the main export market and the main source of foreign direct investment.

The evolution of the next year is dependent, however, not only on the external environment, but also on economic policies in the electoral context. Although Romania's sovereign rating is

under the prospect of being downgraded to the junk category due to its fiscal situation, which would significantly increase state loans in the future, fiscal discipline measures remain sensitive, as do decisions with high electoral impact, such as the increase of pensions with an unlikely level of 40% starting September, regarding which the Government is hesitant to announce that it will have to be postponed or at least adjusted.

## PRESSURES ON RON DEPRECIATION

In the context of the pandemic, Romania's external position has also strongly deteriorated, with poor prospects for the evolution of the exchange rate. Current account deficit continued to deepen, to EUR 1.37 billion in March, due to trade in goods, where the deficit increased by over 50%, to EUR 2.5 billion.

The problem is not only the external deficit itself, but also its funding, because the flow of foreign investments went to negative values in March. Foreign groups withdrew from investments in subsidiaries, asked them to

reimburse in advance the funding granted in the past, and the capital contribution was reduced. Foreign direct investment thus reached a negative value of EUR 551 million, and their importance is very high because they remain the healthiest source for financing the current account deficit. In their absence, the state will need inflows from other external sources, such as foreign investment in Government securities, which are much more volatile. Otherwise, currency outflows can only lead to something increasingly predictable: the depreciation of the RON.



# MEDIA MARKET

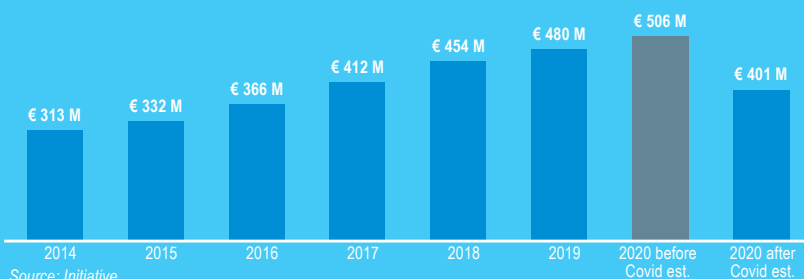
In 2019 the Romanian Media market continued its growth, reaching 480M Euro by the end of the year (+5.6% vs. 2018). For 2020, considering the current economic disruptions, we expect a decrease of 16.5%, down to 401M Euro.

## MEDIA IN 2020

The market had barely recovered from the last recession, caused by the 2008-2010 crisis, when the Spring of 2020 hit, taking us back several years. However, it is important to remember that before this year's decrease, media had experienced sustained growth for 7 years (since 2013). In 2019, the market reached 480M Euro, and 2020 was looking well, until the pandemic caused a significant

revision of our forecast. At the moment of writing, in mid-June, we expect the market to drop by 16.5% this year, down to 401M Euro. Our scenario is moderately optimistic, since it assumes a partial recovery of most media by the end of the year and does not account for the potential impact of a second wave of restrictions in Q3-Q4 2020.

2014 - 2020 TOTAL NET AD-SPEND BY MEDIUM (MILLION EURO) – ESTIMATION

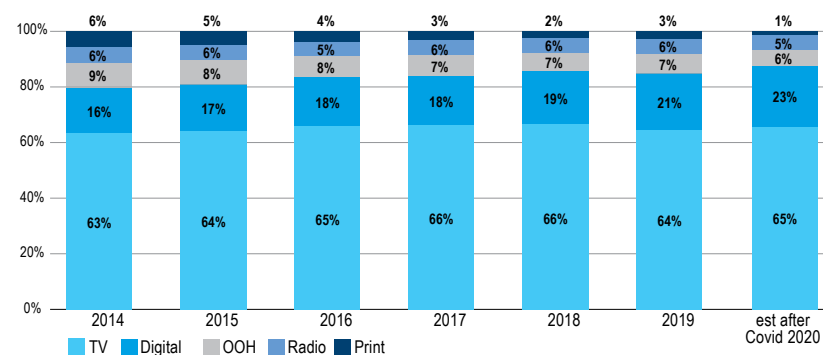


Media	TOTAL (Mil €)	TV	Print	Radio	OOH	Digital
2014	313	198	17	18	28	51
2015	332	212	16	19	28	57
2016	366	240	14	20	28	64
2017	412	273	13	23	29	73
2018	454	300	13	26	31	85
2019	480	308	12	28	32	99
2020 before Covid est.	506	316	11	31	34	115
2020 after Covid est.	401	261	5	20	23	92

This evolution is based on a slightly positive dynamic estimated for Q1 2020 (+3%), followed by strong decreases of the media market in Q2 (-35%)

and Q3 (-20%). For Q4, we expect the decrease to continue in a less aggressive manner (-10-12%), which raises the average, since budgets are concentrated towards the end of the year.

MARKET SHARE IN 2014-2020 (NET AD-SPEND BY MEDIUM)



Source: Initiative

## DIGITAL

Surprisingly, although a part of Digital media has proven to be resilient to lockdown effects and online shopping has thrived, we expect Digital to lose 7% of its value, overall, compared to 2019. The reason is that slashed marketing budgets from hard-hit categories such as Non-food retail, Finance, or Automotive spread to all media, not just offline, and even with a recovery in Q3-Q4, we do not think that Digital will be able to make up for the lost budgets. This approach is supported, at European level, by IAB Europe, which forecasts a quick recovery for ad spending on social media, confirming the general sentiment, but moderate recovery for search and slow for display and classifieds (doubled by a deep initial decrease) – and this is where the highest volumes are. In addition, our forecast is based on big advertisers' Digital volumes, not including the “long

tail” of small businesses which advertise mostly or exclusively online, usually on the Google and Facebook platforms. This year, for the first time, we are also estimating this long tail, which we believe to amount to another 200M Euro – details in the “Digital” section. If included in the market shares above, this would radically change the landscape, bringing TV and Digital spending at similar levels. In order to be relevant for our market and because data remains sketchy, we prefer to keep our focus on big advertisers.

## TV

As a consequence, instead of continuing its slight decrease, the share of TV is expected to increase this year, back to 2018 levels. Starting in April, the TV market is defined by COVID-19 special offers, discounts and back-up sales policies, in a wiser, more careful approach, not as

aggressive as we could have expected. The deflation context and the previous 2008 crisis experience taught us to challenge a different new approach - deflations were implemented with moderation, mainly resulting into downgrades of premium surcharges and decreases of the seasonality indexes. Considering all these factors, we estimate a 15% decrease in TV investment for 2020, compared to 2019.

## OOH

As the quarantine was enforced, car traffic in Bucharest decreased only by 20%, with rare spikes up to 35% in some occasions, according to traffic reports by Phoenix Media. However, pedestrian traffic almost came to a standstill. Although downtown traffic decreased, the residential areas maintained steady numbers. The overall COVID-19 impact on the 2020 OOH market is expected to reach -30% in spending, with an estimated total of 23M Euro.

## RADIO

Radio has always been about companionship. As the COVID-19 crisis developed from mid-March and more people spent time at home, at this time

of isolation the radio might have been, more than usual, an important voice in the room. Keeping the public informed at this difficult time was challenging and it is particularly interesting to see how the most important Romanian Radio stations adapted to the new reality. The 2020 impact on the Radio market is currently estimated at -29%, a serious decrease, which would mean that a 2-digit comeback in 2021 becomes imperative.

## PRINT

Finally, Print was effectively silenced during the lockdown and we do not expect a quick recovery this year. Ironically, 2020 was supposed to be a very important year for publishers, given the two major sports events scheduled during summer, the European Football Championship and the 2020 Tokyo Olympic Games, both canceled due to the pandemic impact worldwide. More than that, all sports events were either cancelled or postponed, which will generate a major negative impact on the advertising budgets traditionally invested by brand categories associated with sports. In 2020, the print market is expected to further drop by 61%.

## 2019 MARKET ANALYSIS

Back to 2019 – a better year by all accounts – we recorded positive evolutions on most media, except Print, which dropped by 5% compared to the previous year, maintaining its negative trend. Growth was driven, as usually, by Digital media (+17%, reaching 99M Euro). It was followed by Radio (+10%, up to 28M Euro), OOH (+5%, up to 32M Euro) and TV (+2.5%, up to 308M Euro). As a result, Digital media continued to gain market share, while TV showed a decrease.

## TELEVISION

TV continued to grow in value (+2.5% vs. 2018, reaching 308M Euro) and decrease in share (-1.9pp vs 2018). Due to TTV Rating erosion, the sold inventory decreased by 5% compared to 2018. The loading level in ad breaks was around 95% for All Day, and Prime Time was completely sold out almost all year, from March till December.

The cost evolution exceeded 10% inflation, driven by CPP day parts inflation, seasonality index increases, correction indexes adjustments, and other factors.

The TV average CPM (cost per thousand) increased vs last year, reaching 3.41 euro on 18-49 U target (8% increase) and 0.57 euro on National (1% increase).

The ranking of main media groups remained stable, led by CME, Intact and Dogan Media, which together represented 63% of the sold inventory and 74% of revenues. Among top TV stations, Pro TV (Rtg. 3.9%, Shr. 22.5%, All 18-49 urban) maintained detached leadership despite a marginally lower performance compared to last year. It was followed by Antena 1 (Rtg. 2.5%, Shr. 14.5%), also on a slight decreasing trend and Kanal D (Rtg. 1.6%, Shr. 9%).

Preferences in terms of content remained focused on locally produced talent and cooking shows, which meant continued strong performance from well-established brands, such as Romanii au talent (Pro TV), Show si-asa! (Antena 1), and Exatlon (Kanal D). Each big station also experimented with new shows or TV series, achieving good results in most cases. See the “Television” section for more details.

## DIGITAL MEDIA

Digital drove growth in 2019 (+17% vs 2018), reaching nearly 100M Euro without including the „long tail” of smaller advertisers. Google & Facebook added new tools and options to their platforms, while local publishers developed various creative and impactful new formats.

Internet penetration reached 80% of total population in Romania last year, and there is a visible trend for social categories that were less connected to the internet until now, such as older generations or individuals with lower education, to have an accelerated penetration growth.

Smartphones were the devices most used to go online by all age groups, and this is confirmed by advertising budgets split by all major platforms/players, with mobile formats being generally the best performing. Android phones are predominant in Romania, and Facebook and Facebook Messenger are installed on most devices. Mobile internet access has also been supported by the increase in high speed internet connections: 16% more 4G connections versus 2018. In e-commerce, mobile surpassed desktop in terms of total sales value. However, the number of people who make online purchases via mobile devices is still smaller than the number of

people purchasing via desktops or laptops. Further details are available in the “Digital” section.

## OOH

Following the trend of the last 3 years, OOH added another 5% growth during 2019, reaching an estimated net investment of 32M Euro.

Although in 2018 the OOH Company of the City Hall approved the Implementation Norms necessary for OOH law enforcement in Bucharest, there were no major changes and business pursued its organic growth in standard and temporary big formats. 2019 also had a busy electoral calendar with European and Presidential elections. All the above delayed the implementation of the new OOH norms. Just as a reminder, the OOH Law draws a new background for the industry, setting new rules, limits and imposing strict standards.

Among them, the off-limits areas where outdoor advertising is still possible, the specific types and sizes of supports that can be used, and the exceptions from the rules. Last, but not least, the OOH Law requires that panels are installed in public places only after a public auction has been conducted, which puts almost every OOH advertising structure currently situated in Bucharest public areas outside the new legislation.

Boosted by a growing market, the clutter continued to accumulate, and advertisers reached for new innovative ways to communicate through oversized 3D and interactive special projects. Continuing the 2018 trend, the standard formats in Bucharest capped prices at maximum 5% inflation but charged up to 25% more for special projects media costs. On the other hand, standard locations went up to 30% in cities such as Craiova, Arad, Braila and others, the main reason being the implementation of the OOH law and local norms. Metrorex kept on increasing media fees, reaching an unprecedented 40% inflation. See the “OOH” section for details.

## RADIO

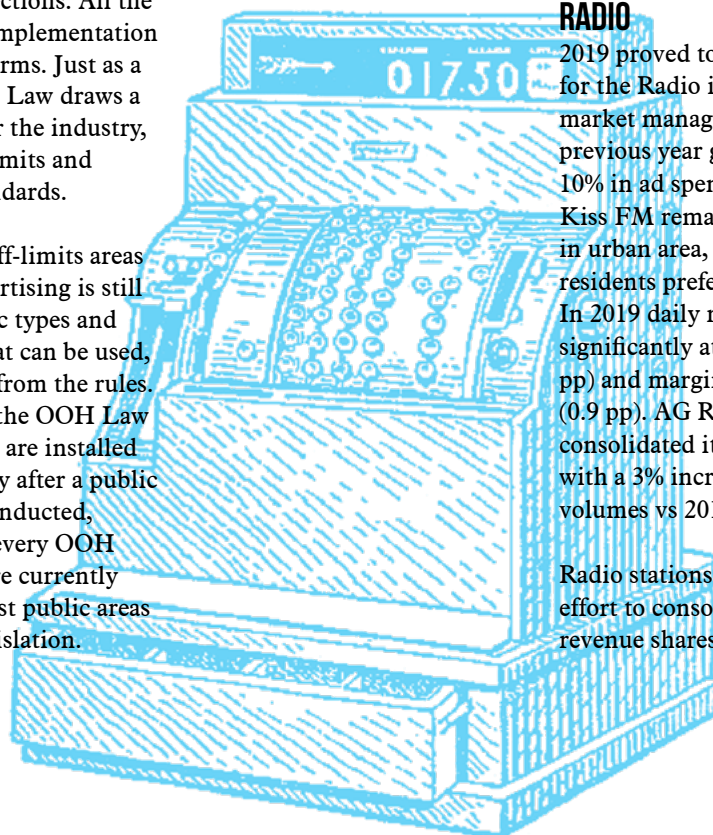
2019 proved to be a fruitful year for the Radio industry, as the market managed to sustain the previous year growing trend of 10% in ad spend, up to 28M Euro. Kiss FM remained the top choice in urban area, while Bucharest residents preferred Radio ZU. In 2019 daily reach increased significantly at urban level (+2.2 pp) and marginally in Bucharest (0.9 pp). AG Radio Holding consolidated its market leadership with a 3% increase of Rate Card volumes vs 2018, reaching 30%.

Radio stations continued their effort to consolidate advertising revenue shares by being very

active and creative in offering special media packages, integrating radio airtime and digital properties, especially social media, putting together attractive marketing campaigns, being partners in big, successful concerts and special events. See the “Radio” section for details.

## PRINT

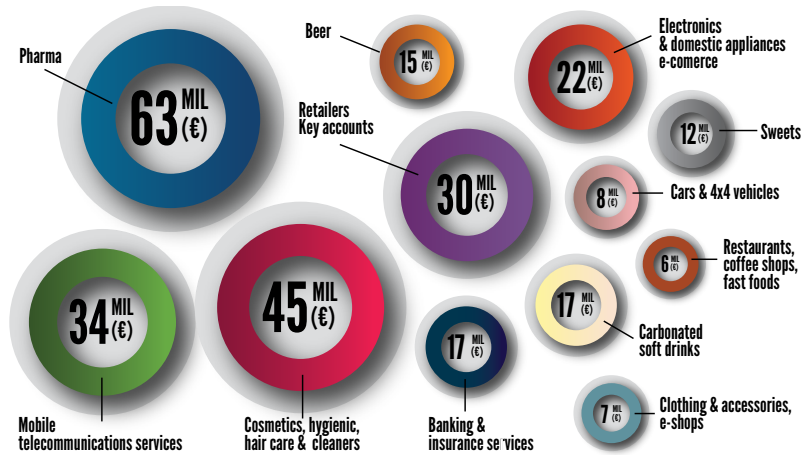
Advertising revenues for Print in 2019 were estimated at 12.1M Euro, dropping by 5% vs the previous year, as the distribution networks problems persist, with high impact on print advertising. The readership decline was steeper in 2019 compared to the waves from the previous years. The coverage for dailies and weeklies dropped on average by 17-19%, while readership for monthlies increased on average by 1%. In a more positive note, readers’ preferences are quite stable across the years: women continue to prefer glossy magazines with specialized editorial content (beauty, fashion, lifestyle and career), followed by weekly publications focused on more practical topics, such as childcare, housekeeping, healthcare, cooking. In 2019, the male audience remained constantly interested in daily newspaper, with a marginal increase for weekly and monthly business titles. See the “Print” section for details.



## TOP INVESTORS

The main categories for 2019 are similar to 2018, with some position shifting. The top is dominated by Pharma, Cosmetics, hygienic, hair care & cleaners and Mobile telecommunications. A growing trend could be seen for Retail, Electronics &

domestic appliances, Carbonated soft drinks, Sweets, Clothing, accessories and e-shops, as well as Restaurants, coffee shops & fast foods. Meanwhile, a slight drop occurred in media spending for Beer, Cars & 4x4 vehicles and Snacks & cooking products.



Pharma kept its position as the #1 category, with a 10% increase versus 2018, because of higher investment from players such as Zdrovit, Sanofi and Naturpharma.

In Cosmetics, hygienic, hair care & cleaners, Reckitt Benckiser and Henkel are among the players with the highest growth, while Unilever and Beiersdorf dropped.

In Telco, all main players dropped in comparison to 2018, most notable Telekom (-46%).

In Retail, Kaufland continues to be a threat for Lidl's #1 position. Carrefour invested more in 2019, while Rewe and Metro dropped. The Electronics & domestic appliances category (including e-commerce) continues to be dominated by two traditional

players, eMAG & Flanco and Altex & Media Galaxy, with bigger budgets in 2019.

The decreasing trend in Banking & insurance stopped in 2019 as the budgets maintained 2018 levels, even though the two biggest players, BCR and ING Group, had significant drops (47% and 40%, respectively).

Quadrant Amaroq Beverages, the biggest spender in Carbonated soft drinks invested more in 2019, alongside The Coca Cola Company & Tymbark Maspex, moving the category one position up.

Beer dropped a spot in the top; Heineken is the only player with a budget increase in 2019, while Ursus and Tuborg reduced their media investments.

# COVERSTORY

# COVID-19

# IMPACT



# COVID-19

*“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten”*, said Bill Gates almost 25 years ago. COVID-19 has reinforced our appetite for short-term, hyped-up predictions, as effects are assumed to be focused during the crisis and dispelled as vaccines become globally available. But what if the pandemic only gives us a taste of the future, and its resolution will actually set things in motion? Could there be glimpses of our lives, 10 years from now, in the sometimes eerie, sometimes satisfying post-lockdown lifestyle?

As most of Europe was at home, an intriguing thought emerged. *“The pandemic will accelerate history, rather than reshape it”*, wrote Foreign Affairs, a magazine dealing with international politics, in the beginning of April. Beyond politics and social trends, the idea also resonated in the areas of consumer behavior and business management. Released from the power of habit and nudged by movement restrictions, we (re)discovered online shopping and payments, remote work and, most importantly, life at home.

All of these, in the making for decades. All, seemingly becoming mainstream as a positive consequence of lockdowns. And the list of fortunate outcomes goes on. Didn't we wish for higher standards of public hygiene? Didn't we woefully point out Romania's low consumption of soap and toothpaste? And wasn't local sourcing a political highlight, supported by brands and consumers alike?

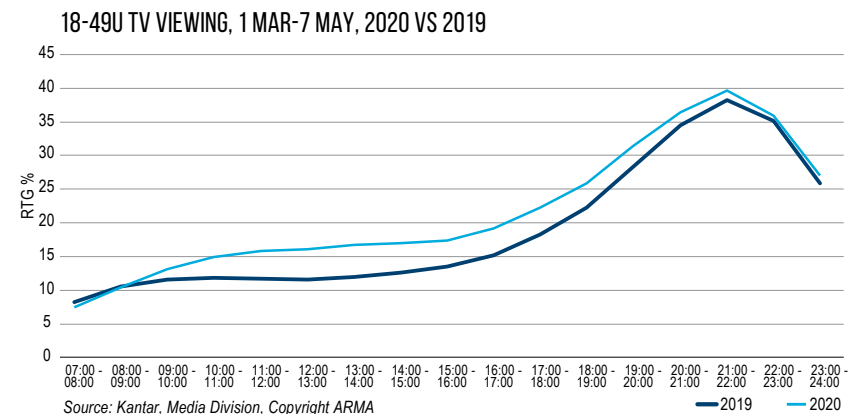
But let's not hurry to see the pandemic as a cathartic experience. Unemployment, fragile small businesses, possibly increasing prices for consumer goods (including local ones) and decreasing household income are parts of this mechanism, well connected to its positive side. Above all, social distancing acts as a conveyor belt, turning the wheels of good and bad effects alike. And talking about acceleration – let us not forget that social distancing has also been in the making for a long while. Going physically apart has not only been a consequence of the growth of internet, but a long-time aspiration related to better quality of life.

In the Spring of 2020, as many of us became isolated at home, authorities were quick to reassure us that *“we will meet again”* (brands, included). *“Don't know where, don't know when”* we might add, recalling the famous wartime song, as we see that people are not so eager to come back to old habits. A study by Colliers International, a real estate company, shows that 7 out of 10 Romanian employees would like to work from home more, when restrictions are eased. This has been echoed by several large

companies, as well as advertising professionals.

Life at home is not perfect, but it looks better than the office, for many of us. And this simple finding may turn the tables in media – for a revolution in workspaces would drive radical changes in daily routines and media consumption. Starting from this scenario, we are taking a look at a possible future of media, building on the facts we have collected during the first half of 2020.

## FLATTENING A DIFFERENT CURVE? DAYPARTS.



During the state of emergency, there was an over 25% increase in TTV ratings during 10:00-18:00, while prime time audience increased by less than 5%. Most employees were still working away from home (a survey by Bestjobs suggested that less than 3 in 10 people were working from home). This shows potential to redistribute audiences along the day, if work from home becomes common.

However, the shift was driven by news stations under exceptional circumstances, and we cannot assume that the same behavior would occur normally. Current audiences are also tied in by TV station programming, placing

the best content in the evening. Similar shifts have been seen for major sports competitions (e.g. the football World Cup) or for cultures where people take a mid-day break. Both cases are strongly rooted in large-scale, predictable behaviors.

Could a migration from office to home reduce the gap between prime time and daytime under normal circumstances? Possibly, but only when new behavior patterns have stabilized, and TV stations have had the time to reconsider their programming. While the potential is there, we expect the process to be gradual, and it is difficult to anticipate its end state.

## WE'RE NOT MEASURING AS MUCH AS IT SEEMS, AND THIS SHOULD CHANGE.

Currently, in Romania, TV is the only medium measured daily and accurately, across stations and advertisers, nationally, in a way which fully enables research and planning at media level (not limited to a supplier or touchpoint). Digital remains a collection of platforms and suppliers, opaque in terms of competitive monitoring and lacking standardization (only think about the different definitions of a 'video view!'). Radio measurement is covered through only 3 waves per year, with no way to aggregate analogic listening and streaming. And OOH has made some steps

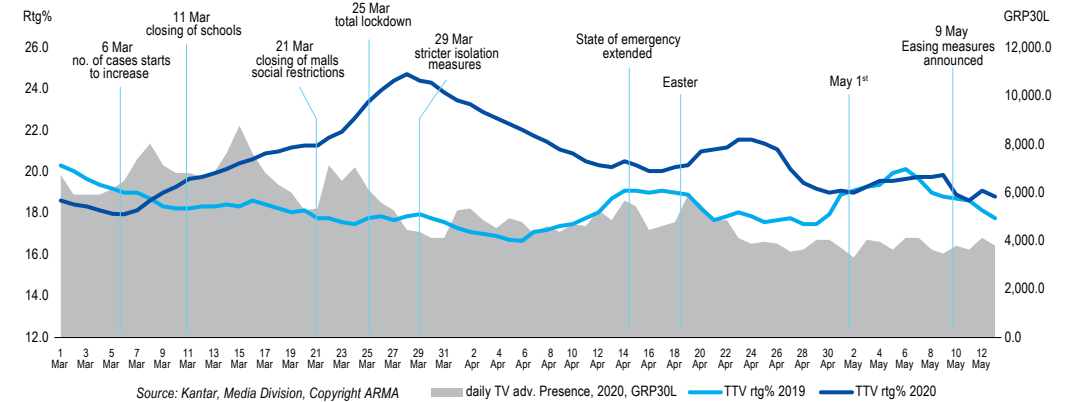
towards better monitoring, but still has a long way to go.

All of these already applied before COVID-19. The first thing that struck us during the lockdown was the shift of radio audiences from in-car analogic to at-home streaming. Surveys suggested it, radio stations and BRAT/SATI data proved it, through 2- and even 3-digit increases in online engagement. But there is no way to reliably measure all radio listening, no matter the type of connection. Same as there is no standardized way to measure and plan audience for video content including TV and

digital (although media agencies, including Initiative, develop their own tools for video planning). And most of OOH media, without real-time monitoring, was powerless in dealing with sudden changes in traffic. Although, as Google Mobility and Phoenix Media data show, there were areas where traffic decreases weren't so bad (70-80% of normal levels, at the peak of the lockdown).

The measurement framework changes slowly and at significant costs, but the process was already started and it will only accelerate now. If Digital is a model of flexible, real-time KPIs, TV should also serve as a model for standardization and transparency. Bring these together, apply them to the whole market, and data-driven decisions will be possible in any scenario, with a high degree of automation.

## THE MULTIFOLD IMPACT OF SOCIAL DISTANCING ON MEDIA



In mid-March we noticed that TV audiences were increasing, while advertiser presence was decreasing. This was not so much about concerns for brand safety or cancelled campaigns. It was, plain and simple, the exit of categories affected by Government restrictions, such as Non-food retail, Finance and Automotive. Part of this decrease has been recovered meanwhile, but as long as large businesses are restricted in their activity, media will also suffer.

Beyond the immediate effect there is, of course, the background impact of reduced purchasing power, due to layoffs and furloughs. This affects a wider range of businesses, on a longer term, and with a delay, because it throttles demand. Government support is essential here, but even so recovery is expected no earlier than 2021. If we factor in macroeconomic risks in an electoral year, with an already strained economy, this negative component may be even more persistent.

The most far-reaching effects are driven not by medical or economic factors, but by changes in consumer behavior. Once we get used to not traveling so far, not going out so much or not taking part in large events, it may be hard to go back to previous behaviors.

This only deepens the impact of our main condition for this scenario – a partial move towards working from home – with strong effects in Cinema and BTL, and potential effects in OOH, depending on the evolution of traffic within and outside cities.

## HERE TO STAY: STREAMING, GAMING AND ECOMMERCE

Both Netflix and HBO GO achieved high traffic during the lockdown and managed to keep most of it afterwards. Some of the most popular movie sites (carrying mostly illegal content) had a similar dynamic. Spotify also showed a slightly positive evolution. And this is only counting web traffic, measured by Similar Web, without mobile apps, where a lot of the usage takes place. Radio, as already mentioned, became more of a streaming service than ever before. Online TV services such as ProTV Plus and Antena Play did not shine during the lockdown, but they had performed very well

before the pandemic and will probably continue to increase.

Essentially, the lockdown served as a great trial for streaming. Even if, in the next months, retention will decrease driven by opportunism (and holidays), providers have gained valuable insights, as more people have taken contact with this form of entertainment. And accepting the cost of streaming is, to a large extent, a matter of value reframing – it seems expensive compared to free, illegal downloads, but reasonable compared to a cinema ticket.

There's an important remark to be made here: among all streaming services, including movie sites, Netflix is now the leader in web traffic, according to Similar Web. Which means it's by far the leader in overall traffic, if we included its mobile applications. It's important, because 10 years ago it was hard to imagine people paying for video content, unless threatened by the police. And the same has happened with gaming – searches and sales of consoles were boosted by the lockdown, in Romania as in many other countries. High sales of games and high activity on gaming platforms were reported. No police was required – just a better experience compared to alternatives, which finally solved the value equation in favor of copyright.

Romania is still missing a strong AVOD service – video on demand supported by advertising. This may soon change with the launch of several stations under the Aleph brand – a project announced last year by Adrian Sârbu. According to a survey made in 2019 by Initiative and iSense Solutions, around 20% of the urban population would be interested in a free streaming

service similar to Netflix or HBOGO, but including ads. It's a minority, but not one to be ignored. What's more, if a good balance is found between content and ads, opinions may quickly improve through trial.

The lockdown also stimulated online shopping and payments, albeit at the cost of physical retail. Finance brands had been struggling for many years to promote card payment, only to have one of their claims turned into official advice during the pandemic: cash is dirty, pay by card or mobile! Web traffic increased for online stores and delivery services, and Revolut transactions for online shopping soared by 64%, driven by eMag with a whopping +162% (14 Mar – 14 Apr 2020, vs previous month). In a study by iSense Solutions, 92% of the respondents said that retailers should offer delivery services after the state of emergency ends, with 25% very likely to use such services and 52%, "quite possibly". 2020 may very well be the year when online grocery shopping goes mainstream.



## FROM RECENT EVENTS TO A LONG-TERM MEDIA OUTLOOK

Like it or not, the number of hours in a day is constant, and there's only so much content that somebody can view in multi-screen mode. If staying home meant more watching TV, more online activity and more streaming and gaming, was there any time left for actual work? Many professionals feel that the lockdown was a very busy time. But Kantar data show a very balanced increase in TV audiences – meaning that employees, same as everybody else, watched more TV.

News station audiences have always been volatile during big events, and TV will probably come back to its slightly decreasing evolution, even if 2020 will show as a break in the trend. But otherwise, as long as people spend more time at home, they are likely to interact more with media and in a wider time frame. After all, this may very well be a part of the gained comfort which makes so many of us prefer work from home.

For children, it was a sort of indoor holiday, and we could see how gaming web traffic took off as the schools closed. For seniors

and lower social grades, this is the time of going digital. Not specifically due to the pandemic, although there was an incentive of accessing more news online and keeping in touch with closed ones. But because everybody else is already there. Increases in internet and smartphone penetration, in Romania, are currently driven by people over 55, with low education or living in rural areas. Fresh traffic in digital media mostly consists in those who are catching up, not your typical digital enthusiast.

Looking back from 2030, we may say that 10 years ago there was a second infestation besides SARS-CoV-2, caused by a virus which we had hosted for a long time before – digitalization. After a long time of trying to hold together digital possibilities and remnants of an analogic lifestyle, it was then that we found ourselves parting with the old ways forever. And so, Media Fact Book 2030 would include a special mention for what had surely been a peculiar event: the 2020 launch of the first Media Fact Book ever written at home – or at over 30 homes, for that matter.

# TELEVISION

## OVERVIEW

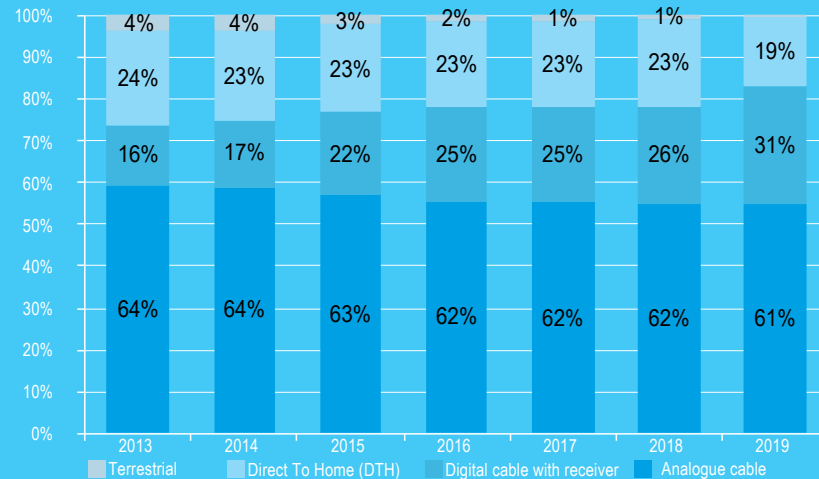
In 2019 Television continued its sixth year of solid growth, reaching an estimated volume of 308M EUR (+2.5% vs. 2018).

The number of monitored channels grew to 72 in 2019, when some TV stations such as MTV, VH1, TVR 3, NickToons, Realitatea Plus, TV1000, Jim Jam, Travel Channel were included in

the reporting system and other channels such as Da Vinci Learning & Telekom Sport 2 exited the monitoring system.

Analogue cable, Direct to Home and Terrestrial transmissions dropped in 2019 vs 2018, while Digital Cable grew significantly (from 26% to 31%), after three years of stagnation.

CHART 1: RECEPTION TYPE EVOLUTION



Source: Kantar Media Romania, Establishment Survey

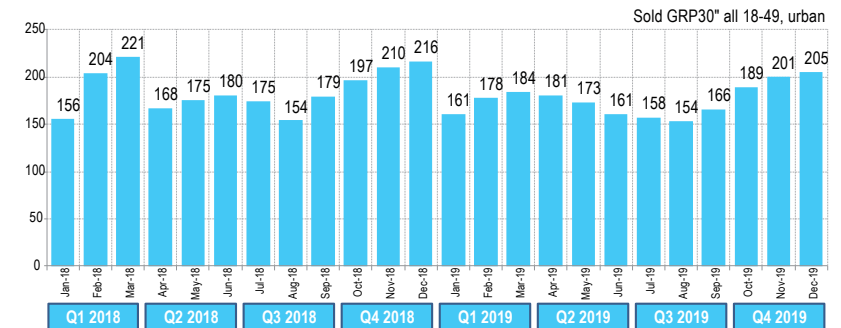
In 2019, the cost evolution exceeded 10% inflation, driven by CPP day parts inflation, seasonality index increases, correction indexes adjustments, and other factors. The TV average CPM increased vs last year, reaching 3.41 Euro on the 18-49 U target (8% increase) and 0.57 Euro on National (1% increase).

Due to TTV Rating erosion, -7% on 18-49 Urban buying target audience (06:00-26:00), the TV Market ended in a lower inventory sold, -5% versus 2018. March and September were very difficult to manage, because of the double digits, steep drop of TTV (17% decrease in March and 9% in September).

Year	2015	2016	2017	2018	2019
All 18-49, urban target sold GRP30" ('000)	2,016	2,200	2,225	2,235	2,111
Inventory sold % minutes	86%	92%	93%	92%	95%

Source: Kantar Media Romania, Initiative estimate

CHART 2: 2018 – 2019 SOLD GRP30" ('000) BY MONTH (ALL 18-49, URBAN TARGET)



Source: Kantar Media Romania, Initiative estimate

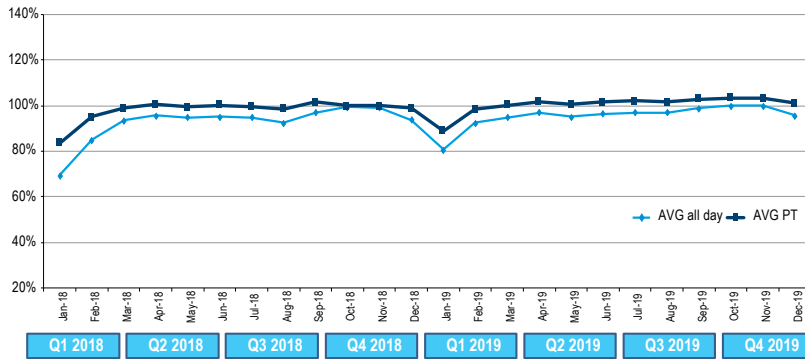
The clutter was very visible, along the entire year, adding more pressure in the market. Most of the clients had to pay more in order to obtain the best formula between quantity and quality KPIs.

Therefore, the average market CPP was increased by overcharging the quality

parameters, Prime Time, Position in Break, Special Ads like Solo spots, Split screens, besides the usual CPP inflation announced and sold by TV suppliers.

The loading level in ad break was around 95% for All Day and Prime Time was completely sold out almost all year, from March until December.

CHART 3: 2018 – 2019 AVERAGE INVENTORY SOLD % MIN (07:00-26:00) AND PRIME TIME VS. LEGAL LIMIT

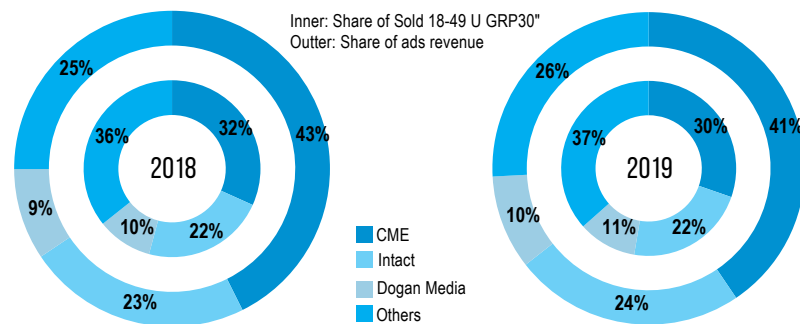


Source: Kantar Media & Initiative Estimation

The total 18-49 Urban GRP30" sold by the TV channels in 2019 was of 2,111 million, of which 30% were sold by CME, 22% by Intact and 11% by Dogan Media.

In terms of advertising revenues, CME kept leadership with 41%, followed by Intact with 24% and Dogan Media with 10%.

CHART 4: 2018-2019 SOLD ALL 18-49, URBAN GRP30" VS. ADVERTISING REVENUES SHARE, MAIN TV GROUPS



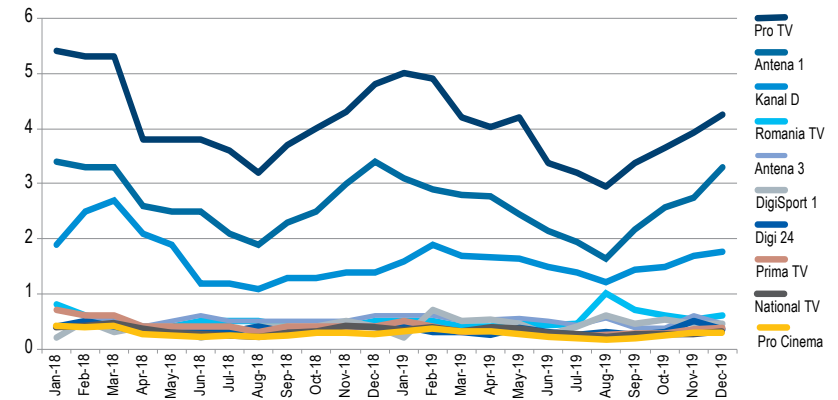
Source: Initiative Estimation

## CHANNELS PERFORMANCE AND PROFILE

In 2019 the top 3 TV channels were the same as in 2018, with Pro TV leading by far (Rtg. 3.9%, Shr. 22.5%, All 18-49 urban), despite the marginally lower performance compared to the previous year, followed by Antena 1 (Rtg. 2.5%, Shr. 14.5%), also on a slight decreasing trend and Kanal D (Rtg. 1.6%, Shr. 9%), which reflected the most stable evolution compared to 2018.

The 2nd tier of channels consists in two strong News stations, Romania TV, ranked 4th (Rtg. 0.6%, Shr. 3.2%), and Antena 3 (Rtg. 0.5%, Shr. 2.9%). Following in top 10 TV channels, with comparable performance were: Digi Sport 1 (Rtg. 0.5%, Shr. 2.7%) and Digi 24 (Rtg. 0.3%, Shr. 1.9%), Prima TV (Rtg. 0.3%, Shr. 1.9%), National TV (Rtg. 0.3%, Shr. 1.8%) and Pro Cinema (Rtg. 0.3%, Shr. 1.5%).

CHART 5: 2018 - 2019 MONTHLY DYNAMICS – TIME BANDS ANALYSIS (RTG%, ALL 18-49 URBAN – TOP CHANNELS, 07:00-26:00)

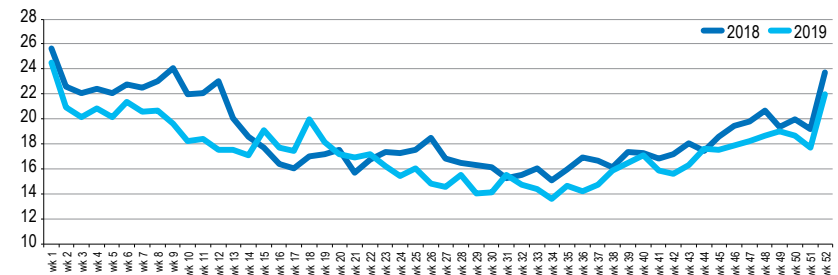


Source: Kantar, Media Division, Copyright ARMA

Looking at the weekly TTV evolution compared to 2018, in 2019 the TV market registered higher audience levels during weeks 15-20 (from mid-April

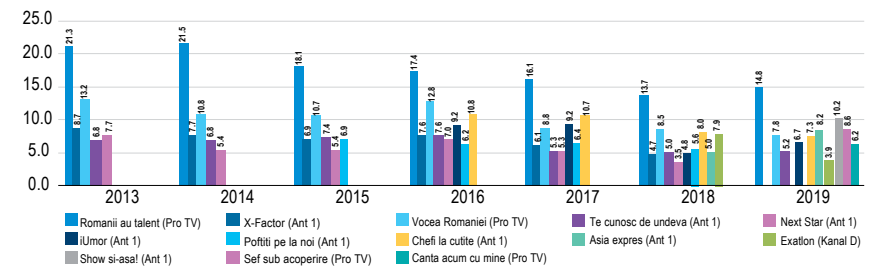
to mid-May), including Easter season and significantly lower during Summer weeks 23-30 (June and July).

CHART 6: 2018 – 2019 WEEKLY TTV DYNAMICS (RTG%, ALL 18-49 URBAN)



Source: Kantar, Media Division, Copyright ARMA

CHART 7: 2013 – 2019 TALENT SHOWS PERFORMANCE (RTG%, ALL 18-49 URBAN)



Source: Kantar. Media Division. Copyright ARMA

In 2019, the main TV channels continued their programming strategy based on local productions, as this genre proved to hold the highest return on investment potential, given the public's high preference for local shows. Therefore, Pro TV continued to be the dominant player, with established shows such as *Romanii au talent*, *Visuri la cheie*, *Ferma*, *Un nou inceput*, *Vocea Romaniei*, *Gospodar fara pereche*, *Pe bune?!*, *Ce spun romanii*, and new successful productions such as *Sef sub acoperire* and *Canta acum cu mine* and relaunched the cooking show *Masterchef*. Pro TV also continued to develop local quality fiction productions, such as *Las Fierbinti*, *Ai nostri*, *Lectii de viata* and the more recent series *Vlad* and *Profu*.

Antena 1 confirmed its strong challenger position by improving the content quality of its talent shows and continuing to achieve high performance on *Te cunosc de undeva*, *iUmor*, *Show s-asa!*, *Asia Express*, *Insula iubirii*, *Fructul oprit*, *The wall*, *Poftiti pe la noi*. Antena 1 continued to produce the most successful cooking show on the market *Chefi la cutite*, with a twist: *Chefi la cutite: Familii la cutite* with

very good audience performance. The newly launched local series *Sacrificiul* and *Scena misterelor* also performed very well. In 2019 Kanal D's performance was marked by significantly lower ratings for Exatlon compared to the previous seasons, but the show managed to be the second most watched program on Kanal D, after the new Turkish series *Gulperi*. *Povestea noastra*, *Pretul fericirii* and *Lacrimi la Marea Neagra* were among the new Turkish productions in the grid in 2019, together with the Romanian production *Moldovenii*. Established shows like *Se striga daru'*, *Roata norocului*, *Puterea dragostei*, *Bravo, ai stil!* and *Asta-i Romania* kept their good performance.

Talent shows and cooking programs are the most popular genres among Romanians since 2012: *Romanii au talent* (Pro TV) remained the most viewed talent show, followed by *Show si-asa!* (Antena 1), and *Ferma: Un nou inceput*. *Chefi la cutite* from Antena 1 continues to be present in top 5 viewed programs in 2019, while *Exatlon* follows at a marginal difference in performance.

The Romanian TV market is dominated by generalist TV channels, which have a large addressability and confirm their leading position every year despite the marginal erosion of their performance, leaving a small but growing share for niche channels, which manage to build loyal audiences based on their content thematic and high engagement potential. For example, in 2019 niche channels such as DigiSport1, Diva, Film Café, B1TV, Minimax, Happy Channel, Nickelodeon, TNT, TLC and Bollywood TV achieved higher audience levels (Rtg % all 18-49 U) compared to 2018.

As some TV channels tend to change programming strategy in time, their audience profiles tend to shift also, although the changes are not dramatic from one year to another.

The audience profile analysis for 2019 shows that PRO TV display a stable audience profile due to the consistent programming strategy throughout the years, keeping the balanced gender profile between men and women. Still, the channel lost some 25-34 y.o. viewers and increased in the 45+ y.o. age groups, but improved

affinity in AB and DE social grades clusters, proving to cover a wide range of content preference. Antena 1 and Kanal D maintained their skew towards female audiences through their programming typologies, both also improving in preference among population in medium and large urban areas. In terms of age segments, Antena 1 lost significantly in young age groups (12-34 y.o.), slightly improving in 45+ y.o.

Kanal D managed to rejuvenate its audience profile, with a significant improvement among 18-24 y.o. and marginal among 35-44 y.o. audience groups, reflected a preference drop from 25-34 y.o. TV viewers, same as Pro TV and Antena 1. Besides that, through the programming, Kanal D managed to consolidate affinity among DE social grades on the expense of ABC cluster. Prima TV kept its balanced genre profile with a slight skew towards a more male audience and managed to consolidate both AB and DE social grades preferences through a wide range of content types, while the loss of affinity among 35-44 y.o. segment was compensated by a gain in 45-54 y.o.

TVR1 projected a quite stable audience profile compared to 2018, with marginal improvement for AB social grades and small

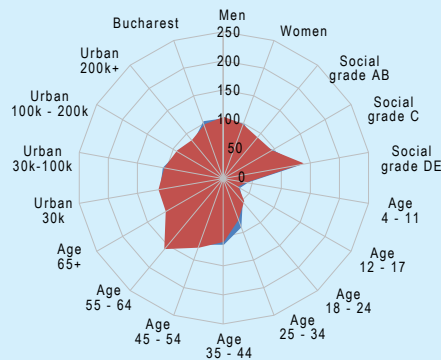
and medium urban areas and with a significant loss among 25-54 y.o. age groups and significant improvement among 65+ y.o.

2018

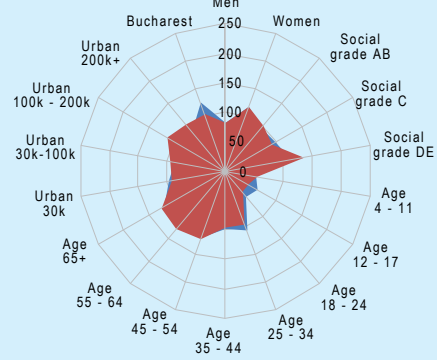
2019

CHART 8: PRO TV PROFILE (AFFINITY INDEX)

CHART 9: ANTENA 1 PROFILE (AFFINITY INDEX)



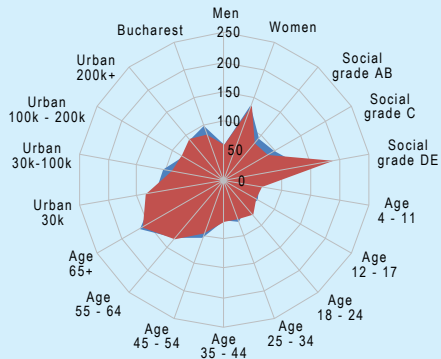
Source: Kantar, Media Division, Copyright ARMA



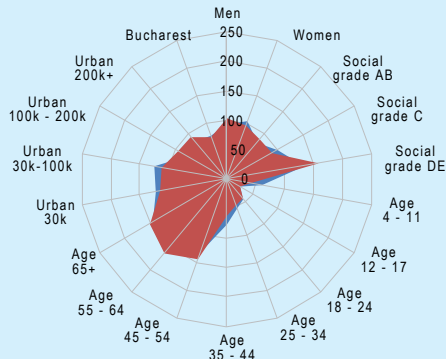
Source: Kantar, Media Division, Copyright ARMA

CHART 10: KANAL D PROFILE (AFFINITY INDEX)

CHART 11: PRIMA TV PROFILE (AFFINITY INDEX)



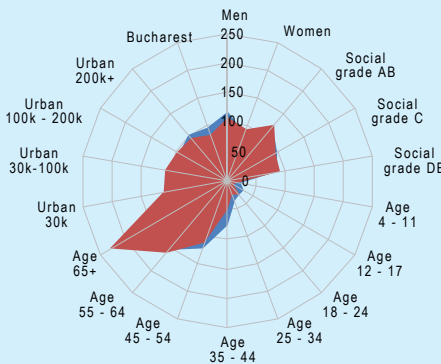
Source: Kantar, Media Division, Copyright ARMA



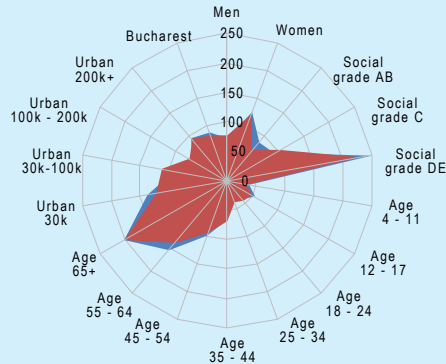
Source: Kantar, Media Division, Copyright ARMA

CHART 12: TVR1 PROFILE (AFFINITY INDEX)

CHART 13: NATIONAL TV PROFILE (AFFINITY INDEX)



Source: Kantar, Media Division, Copyright ARMA



Source: Kantar, Media Division, Copyright ARMA

Most News channels continue to have a balanced gender viewership, with marginal skew towards women for Antena 3 and Romania TV. Notable for 2019 was that all of them increased in preference among population with high social status (AB social grades), some of them significantly, such as Realitatea TV and Digi 24. In terms of demographics, the preference among mature segments 55+ y.o. stays strong especially for Antena

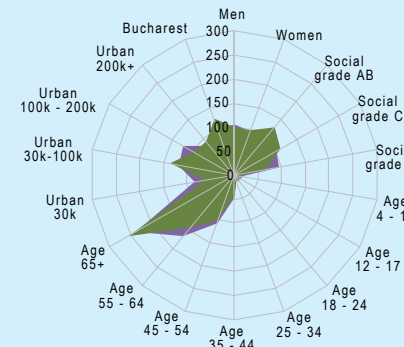
3 and Romania TV and Realitatea TV, while B1TV continues to reflect a higher affinity with 45-54 y.o., despite the marginal decrease since 2018. Digi24 is the News channel with a strong skew towards male audience, that also managed to keep the strongest preference among 35-54 y.o. audience groups despite the slight decrease vs. 2018 and managed also to strengthen preference among 55+ segments with high social status.

2018

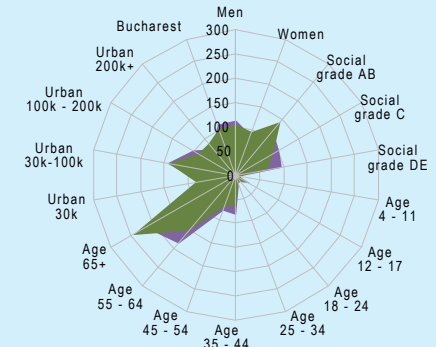
2019

CHART 14: B1 TV PROFILE (URBAN AFFINITY INDEX)

CHART 15: REALITATEA TV PROFILE (URBAN AFFINITY INDEX)

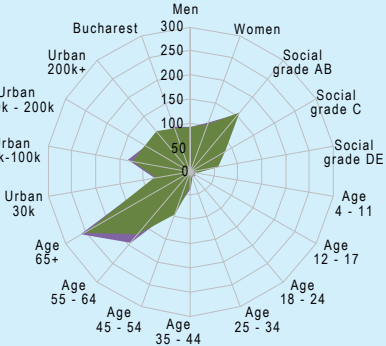


Source: Kantar, Media Division, Copyright ARMA



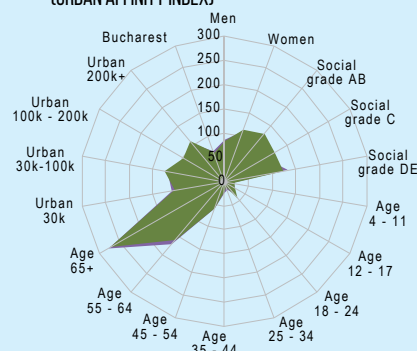
Source: Kantar, Media Division, Copyright ARMA

CHART 16: ANTENA 3 PROFILE (URBAN AFFINITY INDEX)



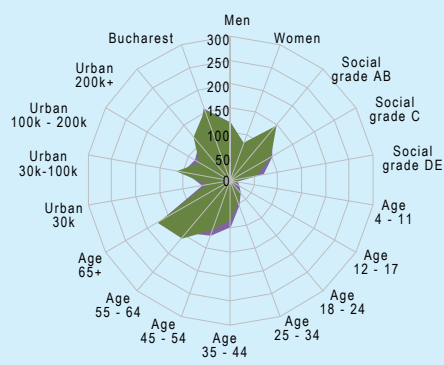
Source: Kantar, Media Division, Copyright ARMA

**CHART 17: ROMANIA TV PROFILE (URBAN AFFINITY INDEX)**



Source: Kantar, Media Division, Copyright ARMA

**CHART 18: DIGI24 PROFILE (URBAN AFFINITY INDEX)**



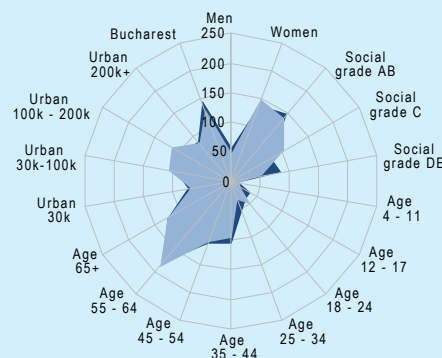
Source: Kantar, Media Division, Copyright ARMA

A quite dynamic evolution in profile was registered by some of the Women thematic channels. For example, Diva lost preference in almost all younger age groups except 55+ y.o., while PRO 2 (Acasa TV) displayed a major preference increase among medium-low social status women (CDE social grades), loosing significantly among women with high status (AB social grades), correlated with the significantly higher affinity in small urban areas and lower in medium and large urban. Happy Channel managed to keep its qualitative profile, with a high affinity among younger women 18-44 y.o. with high social status, while on the other hand, TLC consolidated its preference among women 45-64 y.o. with low and medium social status, dropping affinity among younger women with higher social status. Finally, Antena Star's audience profile was stable, with improved preference among high status women, while TV Paprika increased in preference among male audience, consolidated its affinity in Bucharest and large urban areas, and continued to reflect the highest affinity among 55+ y.o. age groups.

2018

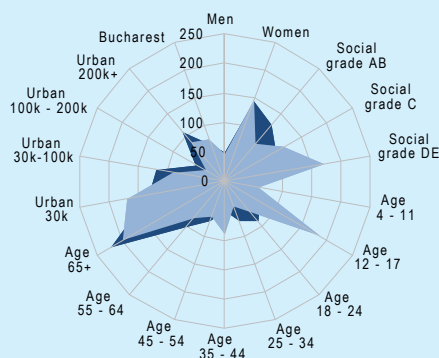
2019

**CHART 19: DIVA PROFILE (URBAN AFFINITY INDEX)**



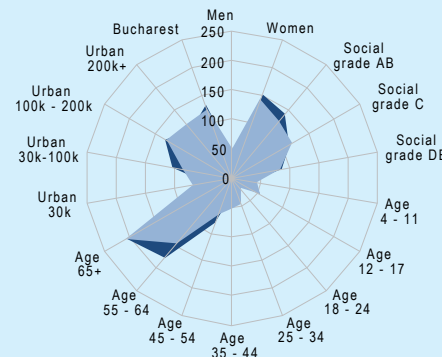
Source: Kantar, Media Division, Copyright ARMA

**CHART 20: PRO 2 (ACASA TV) PROFILE (URBAN AFFINITY INDEX)**



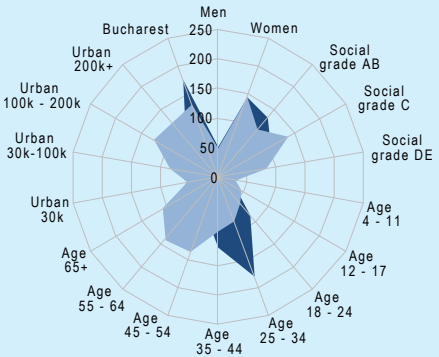
Source: Kantar, Media Division, Copyright ARMA

**CHART 21: HAPPY CHANNEL PROFILE (URBAN AFFINITY INDEX)**



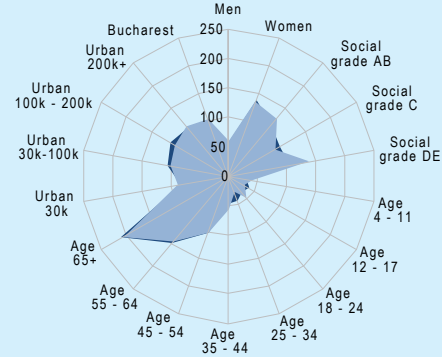
Source: Kantar, Media Division, Copyright ARMA

**CHART 22: TLC PROFILE (URBAN AFFINITY INDEX)**



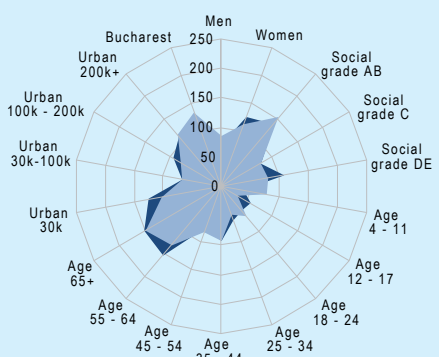
Source: Kantar, Media Division, Copyright ARMA

**CHART 23: ANTENA STARS PROFILE (URBAN AFFINITY INDEX)**

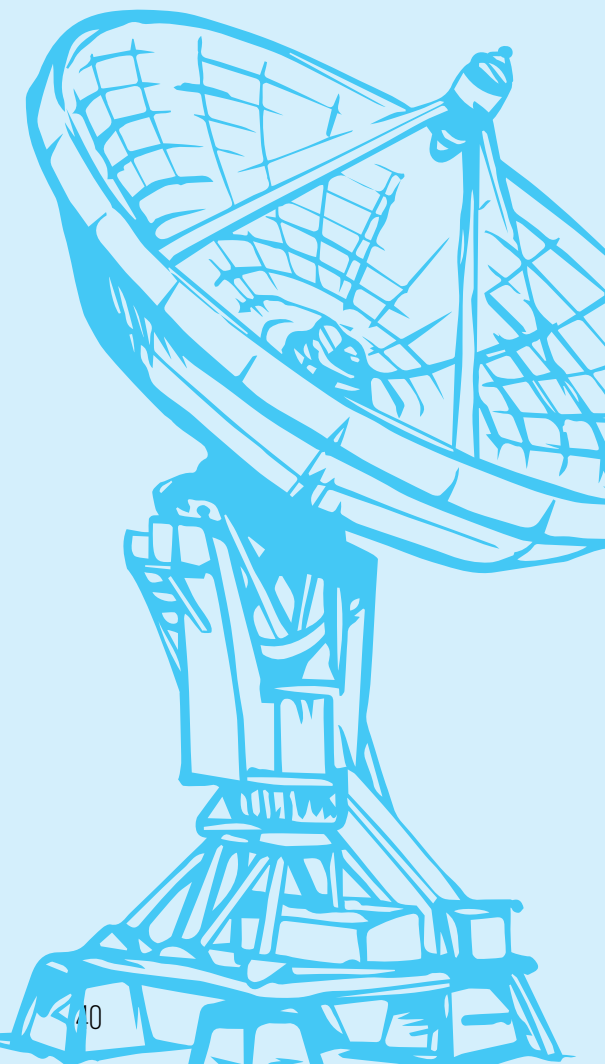


Source: Kantar, Media Division, Copyright ARMA

**CHART 24: TV PAPRIKA PROFILE (URBAN AFFINITY INDEX)**



Source: Kantar, Media Division, Copyright ARMA

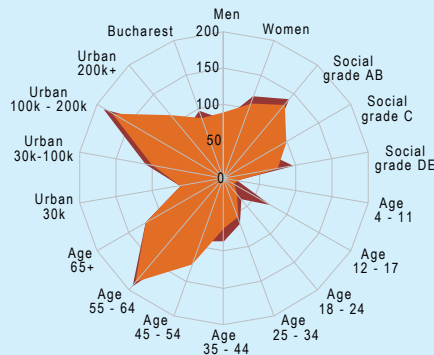


The most important Movies thematic channels, Pro Cinema, Paramount and Film Café, reflected in 2019 a higher preference among male audience groups and high preference among active population 35-64

y.o. AXN projected an audience profile which tends to be more balanced among genders, but with a female skew and a loyal viewer base in 45+ y.o. age groups with medium and high social status (ABC social grades).

2018

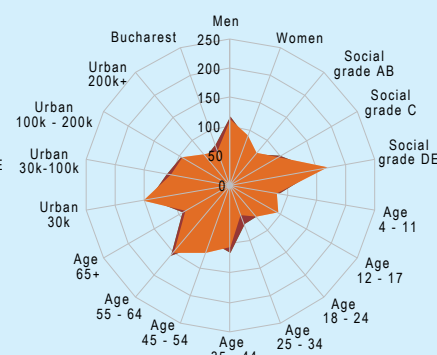
CHART 25: AXN PROFILE (URBAN AFFINITY INDEX)



Source: Kantar, Media Division, Copyright ARMA

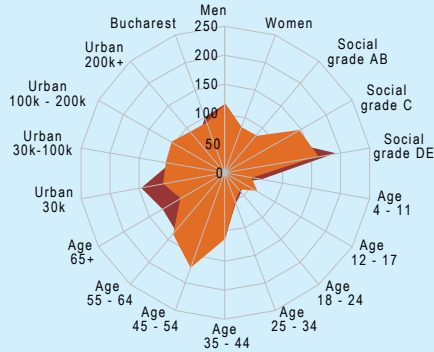
2019

CHART 26: PRO CINEMA PROFILE (URBAN AFFINITY INDEX)



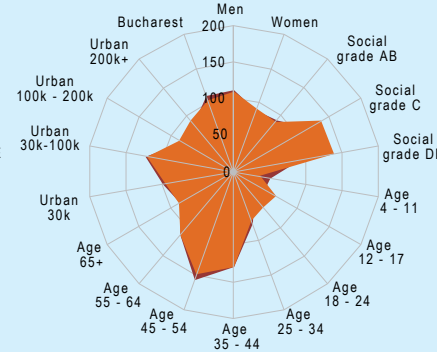
Source: Kantar, Media Division, Copyright ARMA

CHART 27: FILM CAFE PROFILE (URBAN AFFINITY INDEX)



Source: Kantar, Media Division, Copyright ARMA

CHART 28: PARAMOUNT PROFILE (URBAN AFFINITY INDEX)



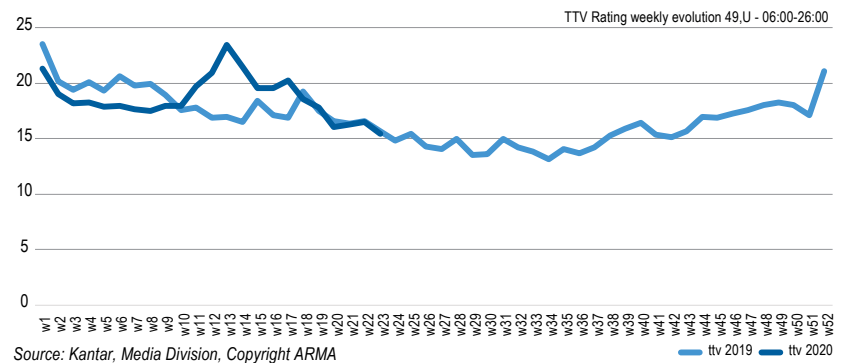
Source: Kantar, Media Division, Copyright ARMA

## COVID-19 AND PERSPECTIVES FOR 2020

2020 began with optimism and good will, knowing and expecting, more or less, the same inflation trend as in previous year, based on the same TV air time consumption paradigm: lower ratings, higher clutter, lower inventory sold, and an estimated net advertising revenue increase of 2.5% by the end of the year.

In this imperturbable status quo, the new COVID paradigm was sliding in step by step, starting at the beginning of March, when the TTV began to rise, first on the news channels, then in the Prime-Time slot of the main stations breaking news broadcast.

CHART 29: TTV RATING EVOLUTION BY WEEK IN 2020



Source: Kantar, Media Division, Copyright ARMA

Q1 ended as estimated: +4% in advertising incomes, and +3% in GRP sold, though the first signs of the COVID impact began appear

in the last week of March: TTV rating increased between 10% and 38% vs. last year, making a lot of room in the ad breaks.

Starting in April, the TV market is defined by COVID special offers/ discounts / back up sales policies, in a register more wisely and carefully, and not as aggressive as we could have expected. The deflation context and the previous 2009 crisis experience taught us to challenge a different, new approach - deflations were implemented with moderation, mainly appealing to premium surcharges downgrades and decreases of the seasonality indexes.

Considering all these aspects, we estimate that April and May finished in -35% ad revenues evolution. Along with the mentions above, it is useful to add that an important part of the market decrease is also driven by the fact that a significant part of the long tail clients stopped the communication due to different reasons such as slow speed of reaction in readjusting the TV message to the new context or budget cuts. In April 2019, 17% of GRP sold inventory was represented by medium and small clients, which in 2020 stopped the communications. Besides, top 20 advertisers in the market

increased by 14% in GRP sold: in April they represented 58% SOV from the whole TV market.

June is seen more optimistically, as the lockdown has been relaxed and more clients are willing to communicate. The clutter is slowly coming back in Summer, given the usual lower Ratings.

Initiative's forecast for the TV Market in 2020 is 15% ad revenue decrease, reaching 261M Euro. This is based on a slight increase estimated for Q1 (+4%), followed by strong decrease in Q2 (-34%) and Q3 (-20%), and partial recovery in Q4 (-10%).

Sponsorship is the most affected segment, especially due to cancelling major sports events, such as EURO 2020 and the Olympic Games, and worsened by the difficulties in continuing to film big talent shows. The only TV Shows which survived the lockdown or have delayed the productions were Romanii au talent, I Umor, Chefi la Cutite and Te cunosc de undeva, broadcasted by PRO TV and Antena 1. X Factor is making a surprising comeback this year, in autumn.

# DIGITAL OVER



# DIGITAL MEDIA

## INTERNATIONAL STATS

The presence of Digital in our lives is more and more significant every year, and 2020's pandemic has highlighted just how necessary it can become. Even though there is still a long way to go until complete adoption of this media, we were not totally unprepared when the World had to rely on online connections to partially avoid economic and social negative impact of COVID-19: 4.54 billion people, nearly 60% of the world's population, were connected to the internet by the end of 2019 (showing a growing trend of +7% versus 2018), with Europe and Northern America having the highest internet penetration.

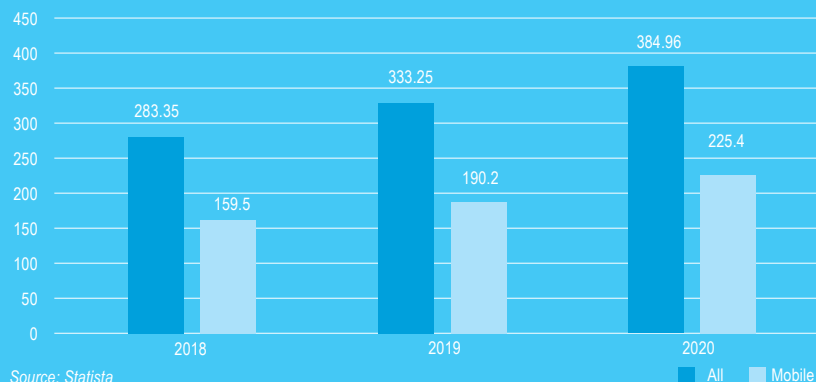
Mobile phones are also an important part of the equation: 5.19 billion people used them last year, that is 67% of total population, with user numbers up by 124 million over the previous year.

The number of active social media users has increased in 2019 by more than 9% versus 2018, adding 321 million new users. By the end of the year, 4 out of every 5 online individuals were active on a social media network, while Facebook still is the most popular platform worldwide.

Global retail e-commerce sales amounted to 3.53 trillion US dollars last year, according to Statista, with roughly three-quarters of the world's internet users aged 16 to 64 buying something online each month and 52% of ecommerce consumers being more likely to purchase through a mobile device.

Worldwide digital ad spending increased by 17%, making 2019 the first year when it accounted for almost half of all media market, while 2020 was estimated before the COVID-19 pandemic at nearly 385 billion US dollars (an increase of 15%). Mobile advertising was responsible for 190 billion (57% share), with an increase of 30.7 billion US dollars versus previous year.

WW DIGITAL ADVERTISING SPEND (BILLION USD)

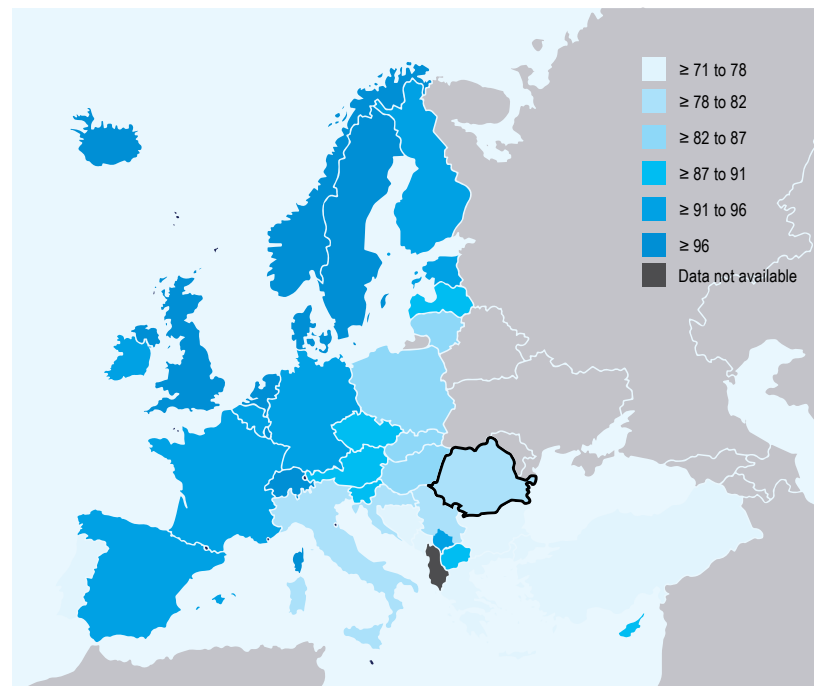


## EVOLUTION OF DIGITAL IN ROMANIA

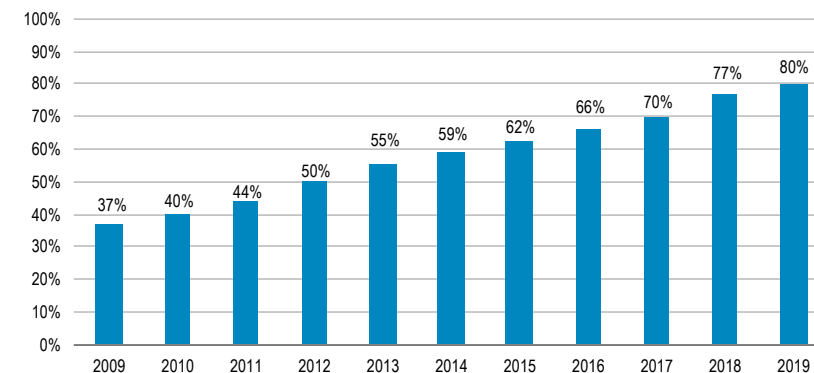
### INTERNET PENETRATION

With 80% of total population connected to the internet last year, digital is on a growing trend in Romania. Internet penetration for Romanian people

aged 16-74 showed an increase of 2.4% in 2019 versus the previous year, according to the National Institute of Statistics / Eurostat.



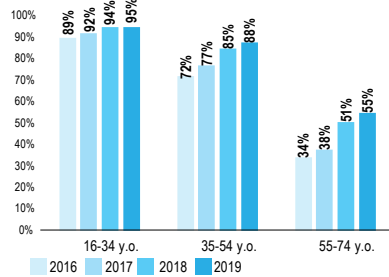
INTERNET PENETRATION IN ROMANIA



Source: Eurostat | Internet use by individuals aged 16 to 74 in the last 12 months - whether at home, at work or from anywhere else and whether for private or work/business related purposes

There is a huge gap between generations: while 95% of people aged 16-34 are already connected to the internet, their parents and

### INTERNET USAGE BY AGE GROUPS

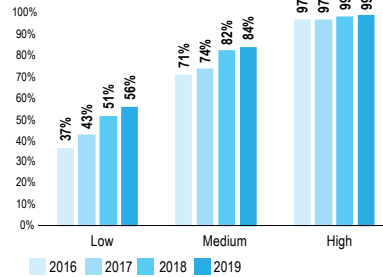


Source: INS | All 16-74 National, last 12 months

The education level also has quite a significant impact. Internet usage among University graduates is almost 100%, while individuals with low education have the

grandparents in the age group of 55-74 y.o. are only halfway there (55% in 2019, up from 51% in 2018 - largest increase last year).

### INTERNET USAGE BY EDUCATION LEVEL

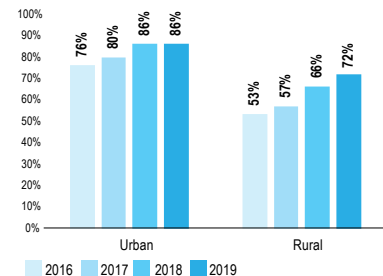


Source: INS | All 16-74 National, last 12 months

lowest internet penetration, but the highest YoY increase (56% in 2019, up from 51% in previous year).

The difference between urban (86%) and rural areas (72%) is getting less dramatic, and so is the difference between regions - internet usage is highest in Bucharest-Ilfov (87%) and lowest in the South-East (73%). This facilitates advertisers to run national campaigns at a higher scale.

### INTERNET USAGE IN URBAN VS. RURAL



Source: INS | All 16-74 National, last 12 months

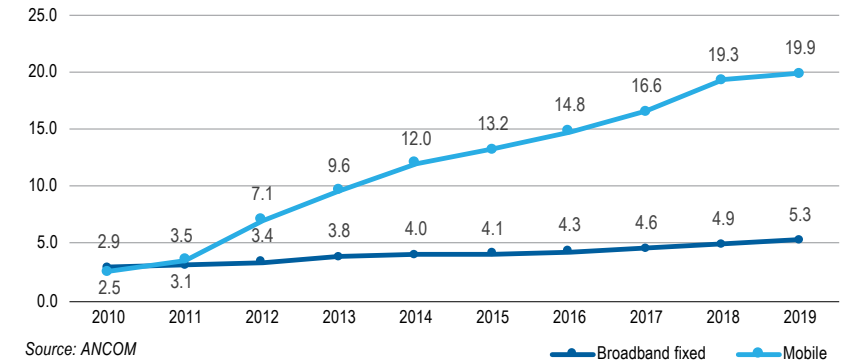
## INTERNET CONNECTIONS

By the end of 2019, there were 5.3 million broadband fixed connections recorded in Romania (+4% YoY). Luckily enough for the #WorkFromHome movement during 2020's pandemic, 74% of those allowed for high speed internet traffic (over 100 Mbps). Monthly average traffic per person increased in 2019 for both

broadband fixed (29 GB) and mobile connections (3.7 GB), the later showing an accelerated increase versus previous year: +41%.

And, with 5G technology on the horizon, 61% of all mobile connections in 2019 were 4G (+16% versus previous year).

### INTERNET CONNECTIONS BY TYPE (MILLION)



Source: ANCOM

## DEVICES USED TO ACCESS THE INTERNET

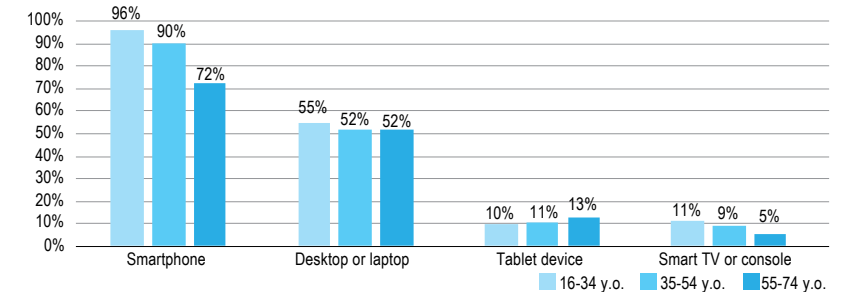
Smartphones are the most used devices to go online by all age groups, although the oldest generation analyzed has a rather close second favorite in desktops/laptops (52% use them, while 72% access the internet via smartphones).

when connecting to the internet, while tablet devices seem to be less attractive for young people.

Nearly half of regular internet users in Romania aged 16 to 74 use more than one device to connect to the internet, and it's quite common for two or more people to use the same device – mostly when it comes to desktops and laptops.

Smart TVs and consoles are more likely to be chosen by 16-34 y.o.

### DEVICES USED TO ACCESS THE INTERNET



Source: FOCUS CAPI IAN19-IAN20, National Weighted sample | All 16-74 Online Population

## ADOPTION OF DIGITAL INNOVATIONS

When looking at the rate of digital innovations adoption in Romania, we see that 25% of internet users aged 16 to 64 declare they use either voice search or voice commands, 18%

own a smartwatch or wristband, 8% own some form of smart home device, 8% own some form of cryptocurrency and 2% own a virtual reality device.

## ONLINE SHOPPING

### E-COMM EVOLUTION IN ROMANIA

According to GPeC estimations, the online shopping sector in Romania exceeded the threshold of 4.3 billion euros at the end of 2019, up by 20-22% versus 2018. The YoY growth rate was lower compared to 2018 vs. 2017, when it was nearly 30%. However, total spending is most likely higher than 4.3 billion euros, considering that the figure does not include services such as plane tickets, hotel reservations, tickets to various events, or payment of utility bills, acquisitions that are easily made online.

The average value of online transactions increased significantly in 2019 versus 2018, for both purchases made on Desktop and Mobile. On average, Romanians spent last year 273 lei for purchases made on Desktop devices, compared to 204 lei in 2018. A considerable increase is seen also for purchases made on Mobile - from 170 lei in 2018, to 208 lei

in 2019. The highest increase in the average basket value was registered in Electro - IT&C vertical, followed by Fashion, Children's Items, Pet Shops, and Books/Music/Film. 2018 was the first year when the number of online purchases made on Mobile exceeded the ones on Desktop, and in 2019 the trend intensified: 63.6% of sales were made on Mobile versus 36.4% on Desktop devices. Mobile surpassed Desktop last year also in terms of total sales value. However, the number of people who make online purchases via Mobile devices is smaller than the number of people purchasing via desktops or laptops.

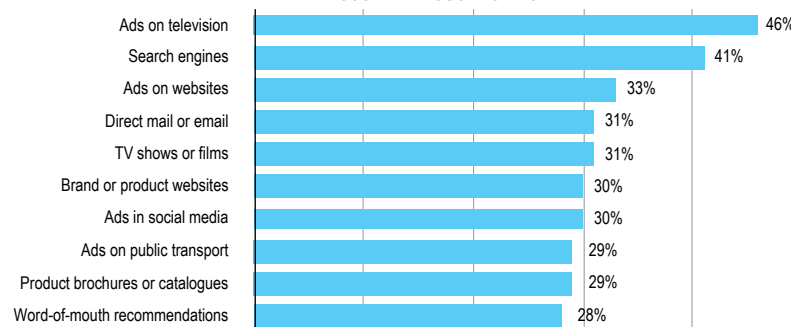
But Romanian e-commerce still has a lot of room for growth. According to Eurostat, only 23% of Romania's population aged 16 to 74 made online shopping last year, which places us on the second to last place in the European Union, ahead of Bulgaria.

### BRAND DISCOVERY

In today's cluttered media landscape, it's highly important to understand the ways in which consumers discover new brands, products and services. Search seems to have blurred the line between brand research and

discovery, with 41% of Romanian internet users aged 16 to 64 citing search engines as a main way they find out about new brands. This is particularly powerful for smaller brands and brands in new categories.

### BRAND DISCOVERY TOUCHPOINTS



Source: GWI | 16-64 National Online Population

### ONLINE PRIVACY

Privacy remains an important issue for internet users in Romania, 70% of them expressing concerns about how companies use their data - versus a worldwide average of 64%.

More than half of Romanian online population aged 16 to 64 declare deleting cookies from the web browsers they use, and the percentage is almost the same for people who declare using some form of ad-blocking tool.

## ONLINE CONSUMERS

### CONSUMER INTEREST TRENDS

Google Search data can reveal precious information about the consumers' media consumption habits and let us better understand what's piquing the consumers' interest - the higher the volume of Google searches for a topic, event or person, the higher the interest.

Google also rounded up the year in search trends and revealed the fastest-rising search terms people googled in 2019. For Romania, the list is led by "eMag black friday" -

### TOP GOOGLE SEARCH QUERIES

#	Search Query	Index
1	FACEBOOK	100
2	VREMEA	76
3	GOOGLE	67
4	TRANSLATE	60
5	METEO	57
6	FILME	53
7	YOUTUBE	53
8	OLX	43
9	YAHOO	39
10	MAIL	32
11	EMAG	31
12	GOOGLE TRANSLATE	30
13	ȘTIRI	29
14	MAIL YAHOO	27
15	SPORT	19
16	FLASHSCORE	18
17	DEDEMAN	18
18	TRADUCERE	17
19	LOTO	16
20	BMW	16

a combo between the biggest local e-comm and the most expected shopping event of the year, the death of fashion designer “Razvan Ciobanu”, and the launch of

Europe’s fastest growing fashion online shop, “About You”.

Here’s a closer look at what Romanians googled in 2019, by category:

POPULAR SEARCHES	SMARTPHONES	MOVIES
1 eMag black friday	1 iPhone 11	1 Aquaman
2 Răzvan Ciobanu	2 Samsung S10	2 Avengers endgame
3 About You	3 Samsung A10	3 Oh Ramona
4 Rezultate alegeri europarlamentare	4 Huawei P30 Pro	4 Captain Marvel
5 Cameron Boyce	5 Huawei P30 Lite	5 Bird box

SPORTS EVENTS	WHAT IS..	LYRICS
1 România - Suedia	1 Ce este meningita	1 Prohodul
2 Wimbledon	2 Ce este orca	2 Tones and I - Dance monkey
3 România - Spania	3 Ce este verbul	3 5Gang - SOS
4 Campionatul European de Fotbal U21	4 Ce este diferia	4 floriantus, MIRA - Strazile din Bucuresti
5 România - France U21	5 Ce este fanesca	5 Elena - Luna alba

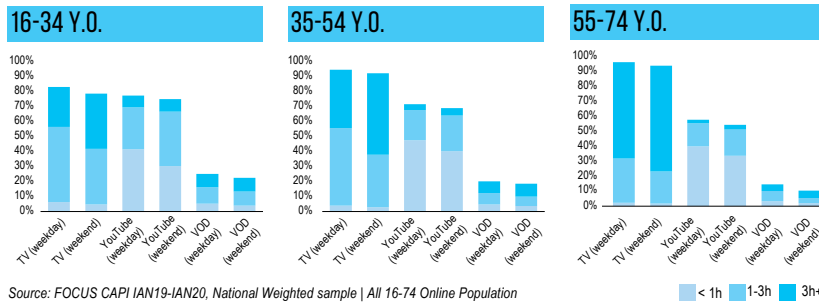
DIETS	RECIPES	HOW TO
1 Dieta Cambridge	1 Socață rețetă tradițională	1 Cum se calculează aria cercului
2 Dieta oloproteică	2 Clătite rețetă originală	2 Cum se manifestă gripa
3 Dieta rina detaliată	3 Cozonac rețetă Jamila	3 Cum se votează
4 Dieta keto	4 Varză murată rețetă	4 Cum se calculează media
5 Dieta nalep	5 Pancakes rețetă	5 Cum se fac urzicile

## VIDEO CONSUMPTION

The young generation (16-34 y.o.) consumes more YouTube and video on demand such as Netflix and HBO Go than older generations, but TV is still perceived as a main media for video content. For the 55-74 y.o. age group, TV is the detached winner for both penetration and

time spent, but YouTube is finding its way into their routines.

Overall consumption on main video touchpoints during the weekend for all age groups of online population is slightly lower, but those who choose to remain in front of the screens spend more time watching.



## SOCIAL MEDIA

The total number of active social media users in Romania reached 11 million by the end of 2019, adding more than half a million users versus the previous year. Of those, marketers were able to reach on Facebook using adverts around 9.8 million people.

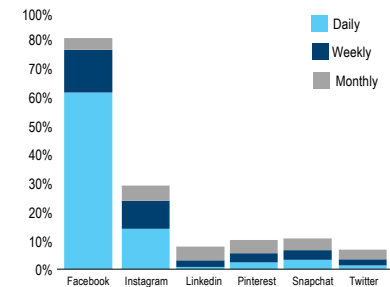
Facebook is the most accessed social media platform in Romania for all age groups, with 61% of the online population aged 16 to 74 being daily users. Almost

all Facebook users in Romania accessed the platform via mobile devices in 2019 (97.6%), while access via Desktop was a far less popular choice (only 28.5% of users).

According to Facebook, a typical user liked around 21 posts per month at the end of 2019, made 8 comments, shared 2 posts and clicked on 24 Facebook ads.

Instagram’s usage is higher for 16-34 y.o. versus older generations, and this is also true for Snapchat & Pinterest, while LinkedIn seems to be accessed primarily when searching for a new job.

### SOCIAL MEDIA USAGE



Source: FOCUS CAPI IAN19-IAN20, National Weighted sample | All 16-74 Online Population

# MOBILE

## WELCOME 5G

The evolution of mobile networks has been constant since they first launched, some 40 years ago. 5G is the 5th and latest generation of mobile connections, and it's expected to disrupt our use of

mobile and change the way people live and work. With loading times up to 20x faster than its predecessor, this is the first G that seems to be designed for both people and things.



By taking connectivity to the next level, 5G has the potential to bring about a paradigm shift in terms of digital user experience. An increase in augmented reality and virtual reality, video streaming on mobile at high resolutions with no lag, highly personalized ads based on artificial intelligence,

immersive media and live event experiences – are only a few ways in which brands will be able to tell their story in a more creative and interactive manner. Also, mobile broadband can improve connectivity for rural audiences, that were harder to reach until now.

## MOBILE OPERATING SYSTEMS

In Romania, Android devices are predominant: 81.6% of web traffic originates from them, and the YoY evolution is positive (+2.1%).

Apple's iOS is losing popularity, with a share of only 17.6% of web traffic in 2019, down by 6.3% versus previous year.

## MOBILE APPS

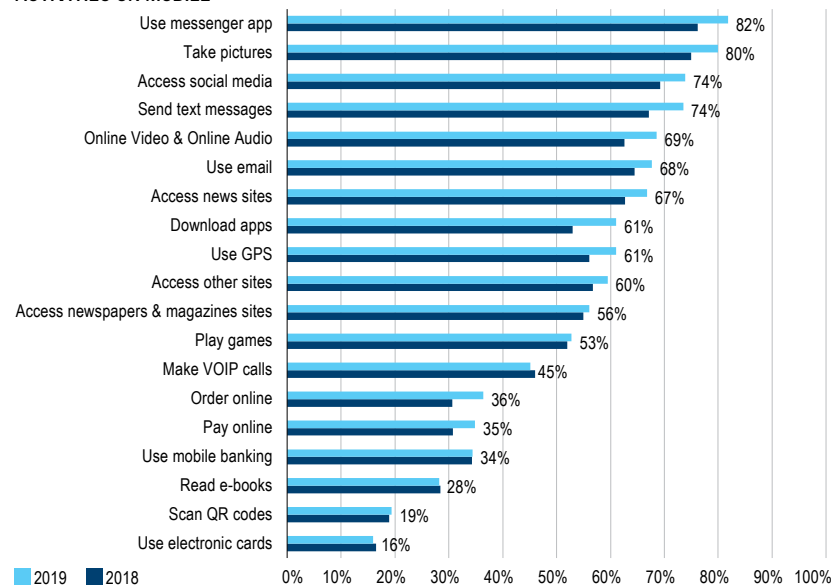
The Romanian online consumer enjoys instant access to everything: news, entertainment and friends' updates from social media, video content and quick responses from

search engines on any topic that comes to mind. Instant messaging tools are more popular than ever, while online banking is rising slowly but steadily.

59% of internet users in Romania aged 16 to 74 have downloaded and actively use between 1 and 10 mobile apps, and 14% of them

use even more. However, almost a third of 55-74 y.o. generation declare they still don't use any mobile apps.

## ACTIVITIES ON MOBILE



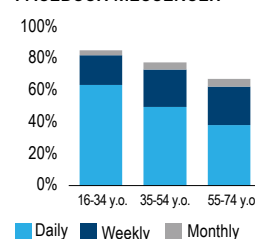
Source: FOCUS CAPI IAN19-IAN20, National Weighted sample | All 16-74 Online Population

## COMMUNICATION APPS

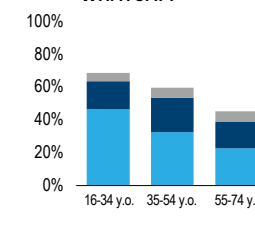
With nearly 80% of internet users aged 16 to 74 communicating with friends and family on Facebook Messenger, it has become the go-to communication app in Romania. Facebook's second big messaging app - WhatsApp - is

the challenger, and both can be of help to advertisers, either through ads (Facebook Messenger only) or by allowing businesses to connect with consumers via business profiles.

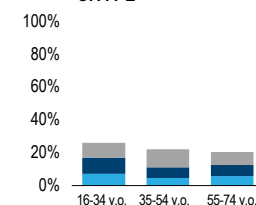
### FACEBOOK MESSENGER



### WHATSAPP



### SKYPE



Source: FOCUS CAPI IAN19-IAN20, National Weighted sample | All 16-74 Online Population

## INTERNATIONAL PLATFORMS UPDATES

### FACEBOOK & INSTAGRAM ADS

In 2019, Facebook pushed automatic placements as a best practice in order to increase efficiency, but news feed remained the best performing placement for any KPI.

A major update regards mobile news feed ads, by simplifying the user experience on Facebook and making it consistent across Facebook and Instagram.

From a setup perspective, Ad Preview was designed to help visualize how the ad looks in every placement (through side-by-side previews). Facebook also released new account level learning phase insights in Ads Manager to help ensure the account is not exhibiting behaviors that prevent ad sets from exiting the learning phase.

### GOOGLE ADS

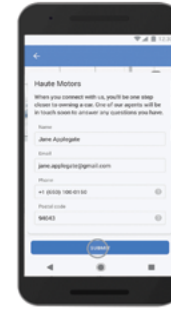
In 2019, the major update from Google is without a doubt the launching of Shopping ads, which in contrast with text ads show users a product photo, plus a title, price, store name, and more. This new kind of exposure had a great impact in leads quality (users are already better informed just by seeing the ad) and also in regular search ads, which decreased in potential inventory (now shared with Shopping Ads).

Google announced in 2019 quite a few changes dedicated to Search campaigns. Phrase match and broad match modifier keywords became eligible to show for same-meaning close variants such as synonyms and paraphrases. Prior

to this announcement, the only close variants that were able to trigger a phrase match or broad match modifier keyword were plurals and misspellings.

Other Search related news are affinity audiences and seasonal event segments for in-market audiences that allow advertisers to refine search campaigns and focus on the prospects who are truly interested in the products/services they promote, or on consumers who are actively researching products/services in preparation for specific occasions.

Probably the most interesting Google announcement of 2019 related to Display ads was the new audience expansion



tool, that allows advertisers to reach new prospects who behave similarly to the users who were already targeted.

Regarding formats, as part of an ad campaign, advertisers can now attach a form to generate leads via Lead Form (collect leads directly from ad), or use Gallery Ads (like Facebook carousel).

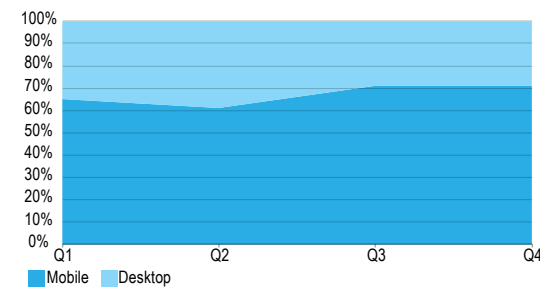
YouTube ads benefited from TrueView for action (designed to improve conversions) and a new buying model for Masthead (YouTube homepage format) by CPM instead of cost per day rate.

### ADFORM

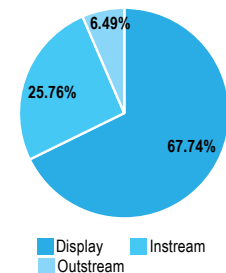
Adform continued to develop the platform by offering new targeting options (such as automated audiences based on client master data) and new rich media formats (especially on mobile). For 2019 in Romania they reported an almost 70% mobile share of total

served ads, which confirms the general trend. In terms of formats, 67.74% were display ads, and the rest video (mainly instream with 25.76%), and zero campaigns on audio (which will most probably be one of the “new to test” for 2020 and next years).

MOBILE/DESKTOP SPLIT ADFORM 2019



FORMATS SHARE ADFORM 2019



### DV360

As usual, Google made different updates also for DV360 (Google’s programmatic platform) on different areas such as display forecasting (enabling Reach and Avg. CPM estimation for a plan), mobile app line item

type (which clearly delimits app ads from the desktop/classic mobile) or placement targeting option for TrueView (allowing to select specific content such as tutorials/”how to”, reviews or popular channels).

## PROJECT AGORA

Project Agora is a Programmatic platform – SSP/PMP/Marketplace, with premium Romanian portals and representing Taboola in Romania. For Project Agora, 2019 was a year of confirmation and growth.

In Romania, the number of websites onboarded grew by 10% reaching over 180, while impressions managed grew more

than 120% vs. 2018, reaching a monthly average of 680 million. The strategic exclusive partnership with the biggest native advertising platform, Taboola, was renewed, while new exclusive formats were made available in the Romanian market: Social Cards, Magic Flip and Magic Quiz. Also, video became available on a CPCV (cost per completed view) buying model.

## GAMELOFT

In late 2019 and early 2020, Gameloft launched a few new games, such as Lego Legacy, Overdrive City, Disney Getaway Blast, The Love Boat - Puzzle Cruise or Disney Princess Majestic Quest, while the number of app installs for Asphalt 9 Legends had rapidly increased, already reaching approximately 150k monthly active users in Romania. Asphalt 9 Legends is the successor of Asphalt 8: Airborne - the licensed racing game with the largest number of downloads worldwide, 400 million.

Gameloft also expanded its inventory in 2019 through partnerships with Rovio (Angry Birds series), Outfit 7 (My Talking Tom, My Talking Angela), and Etermax.

With innovation as the only constant in the mobile gaming sector, Gameloft keeps developing technologies that help improve the connection between the brand and the consumer in the long run. Such examples are the DOOH “Gamification” component included in the mix or the new formats that allow brands to plan 360° campaigns: in-game, web (Mobile & Desktop), in-app (brand’s app), digital out of home, social media or even esports and other live events.

According to MOAT data, their viewability rate is 92.6% for display ads and 98.6% for video ads (source: MOAT benchmark Q1 2019, IN app view rate). All of Gameloft’s games are developed according to COPPA & GDPR policies.

## LOCAL ONLINE PUBLISHERS

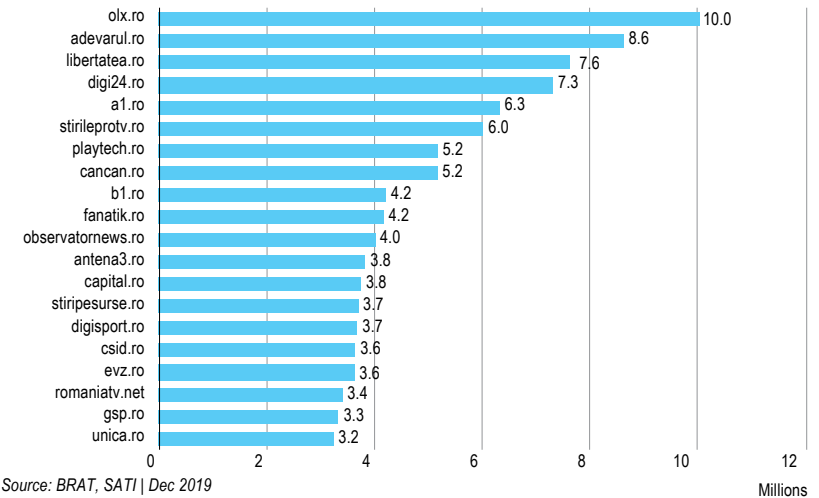
### BRAT

BRAT provides the only results recognized by the industry regarding the traffic and audience results for the online properties, through the SATI study. The hybrid methods used for traffic measurement, websites audience and visitors’ profile are compliant with international guidelines regarding traffic measurement, also following the most recent

and advanced methods for online measurement.

SATI currently measures more than 200 websites, including video/audio streaming and mobile apps measurement. Starting with 2017, SATI publishes real time results, both for traffic and users’ profile (gender, age, income, social grade etc.).

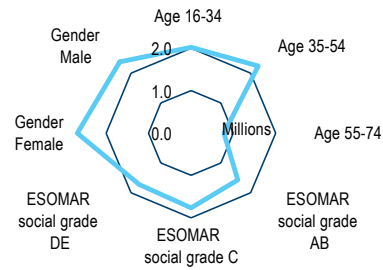
TOP 20 SITES IN DECEMBER 2019 (MONTHLY UNIQUE USERS)



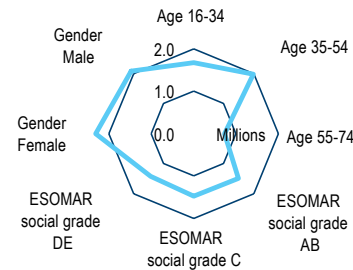
SATI data by socio-demographic profiles (average monthly number of visitors for 2019) show wide variations – as can be expected. News are by far the most popular type of monitored content, with a total reach of 5M for General

News and strong presence of both young and middle-aged segments. The News & Analysis category shows a profile similar to General News, but skewed towards middle-aged, rather than young, and with a lower reach, of 4.4M.

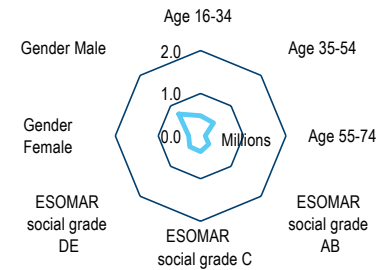
### GENERAL NEWS



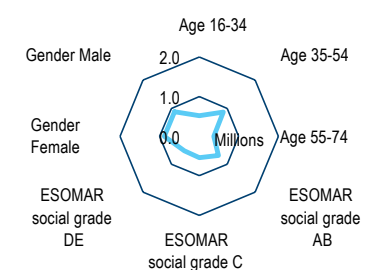
### NEWS & ANALYSIS



### AUTO & MOTO



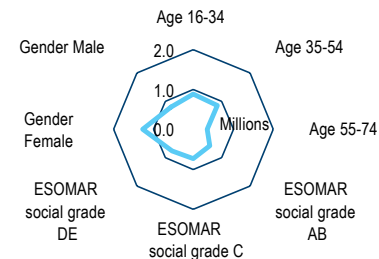
### ECONOMY & FINANCE



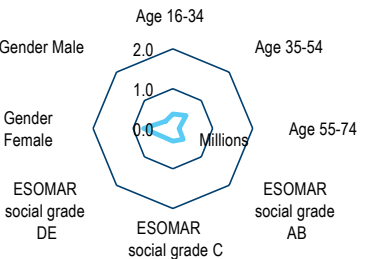
Besides natural preferences – Sport and Auto & Moto for men, Celebrity & Entertainment and dedicated Lifestyle for women – we can see a balanced readership for business content and slightly male-skewed for Classifieds.

The youngest audiences are attracted by Classifieds and Auto & Moto, while the oldest ones – by Sport and Economy & Finance. The latter also attracts the most socially affluent, not far from Health & Personal Care, as well as Sport.

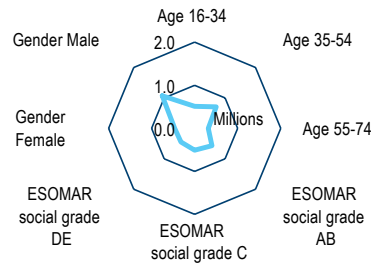
### ENTERTAINMENT



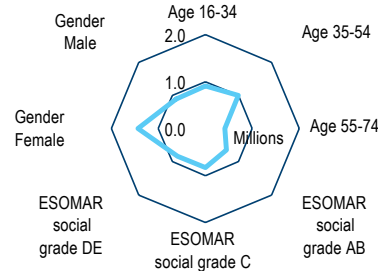
### HEALTH & PERSONAL CARE



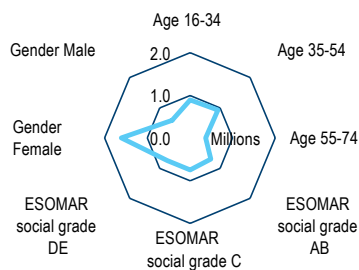
### SPORT



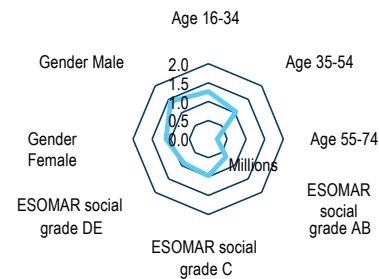
### CELEBRITY & ENTERTAINMENT



### WOMEN LIFESTYLE



### CLASSIFIEDS



## SATI PMC (CONSENT MANAGEMENT PLATFORM)

Starting with June 2019, local publishers decided to build a standardized and professional consent management platform, available to anyone in the market which is operating with online user's data (publishers, advertisers etc.).

The objective was to have a common way of managing users consent regarding, meeting all legal requirements regulations, from all perspectives:

- same way of asking for consent
- same way of managing the consent
- same way of implementing CMP across all websites

BRAT manages the general setup of the consent platform and offers all the needed functionalities in order to meet GDPR regulation. After collecting feedback from the online industry, BRAT has created a Recommended setup for the CMP – which was submitted for approval to the local National Data Protection Authority (ANSPDCP). This process is expected to be finalized by July-August 2020.



## PRO TV

IBU Pro TV maintained the same sites in their portfolio in 2019. Their first exclusive digital show Viata bate vlogul had 5.5 million video views and it's still considered a success by the young segment (16-24 y.o) in 2020. Another successful project of 2019 is Trending Review cu Daragiu, with over 9 million video views. Last year, Pro developed and implemented special projects

with dedicated video content for various events, such as Concert Cosmos Irina Rimes – live streamed exclusively on protvplus.ro, SummerWell or Electric Castle festivals.

The best performing formats were video instream, video outstream, grooveskin and box (300x250), while the split between mobile and desktop was clearly in favor of the first: 80% versus 20%.

## ANTENA

Digital Antena became a leader in the cooking websites category, by adding bucataras.ro, culinar.ro, gustos.ro, and reteteculinare.ro to its portfolio.

Digital Antena maintained their TV-Online special projects and

we can see an increase in using special formats such as sliding doors & take over.

Mobile dominated the devices share, reaching nearly 80% of exposure.

## THINK DIGITAL

Think Digital increased its portfolio in 2019 with copilul.ro, pieseauto.ro, 4tunning.ro, doc.ro, and euronews.com, and continued with ziaristii.ro, newsweek.ro, demamici.ro, edupedu.ro, educatieprivata.ro, wesport.ro and revistabiz.ro in the beginning of 2020, while Mediafax websites left.

Think Digital reports a bigger share of Mobile ads in 2019, with 67.1% vs. 32.9% desktop. When looking at the formats

share, we find that 300x250 format generated almost 50% of impressions, followed by interscroller with 25.0% (custom mobile format) and 970x250 with 10.1%.

The scroll reveal format was a positive surprise in 2019, with a viewability rate of 67%, but 300x250 mobile and interscroller formats had the best viewability rates, over 80%. In terms of CTR, inread and interscroller were best performers, with CTRs of over 1.5%.

## ARBOMEDIA

In 2019 the format mix included 91% embedded display, 6% video display, and 3% branded content (advertorial), with a desktop/mobile split of 56% vs. 44%. Video and grooveskin formats had viewability rates of up to 83% and 0.8%-1.1% CTRs.

## INTERNETCORP

Internet Corp increased their portfolio in 2019 with evz.ro, capital.ro, doctorulzilei.ro, animalzoo.ro, infoactual.ro, newmoney.ro and eurosport.ro.

Through the new partnership with Starea Natiei (by Dragos Patraru), they opened inclusively podcasts ads option (together with site, app, social media and blog, special projects including cross TV-Online).

## CHARGE ADS

Newsroom (a part of Charge Ads, specialized in native advertising) launched in 2019 two new formats, branded stories and genius, and stories became an instant favorite – the second most used format of the year after native. The benchmark CTR for all devices was 0.5-0.8%, and the viewability was 70-85% for campaigns managed and monitored by Newsroom.

Mobile respected the general trend and had a higher impression share.

## PARENTING ADS

By adding new parenting vloggers to the portfolio, Parenting Ads is bringing the focus on video content. In terms of formats, the use of interscroller for display ads was higher in 2019 versus previous year, and the interest for dedicated content and special formats increased.

Parenting Ads reported for 2019 an average CTR of 0.2% and 60-70% Viewability, with nearly 90% of exposure being on mobile. Also, their offline events became in March 2020 digital activations via live streaming.

## AVERAGE CTR IN ROMANIA

Even if it varies from many perspectives (creative, industries, placements, even days and hours), average CTR per country can offer some insights, the major one for 2019 being that it's not necessary to be big in order to be... BIG!

The 320x100 mobile format, which in some cases is served as

sticky, brought the highest CTR of all display formats: 0.51%. Older formats such as leaderboard and sky performed worse (they will probably vanish entirely in the next few years), while squares (300x250 and 336x280) were in the top, followed by wide sky (300x600) and another small format (320x50).

### CTR BY FORMAT FOR ROMANIA, 2019

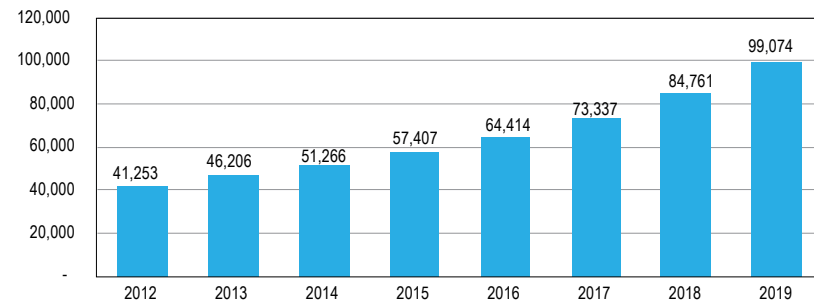
970x250 0.19%		300x250 0.22%	
728x90 0.09%		120x600 0.05%	300x600 0.18%
336x280 0.25%	320x100 0.51%		
	320x50 0.16%		

## DIGITAL MEDIA ADSPEND

2019 maintained an increase of online advertising budgets, with an estimated +17% versus previous year. Google and Facebook kept their leading positions with a combined market share of 75%, while local

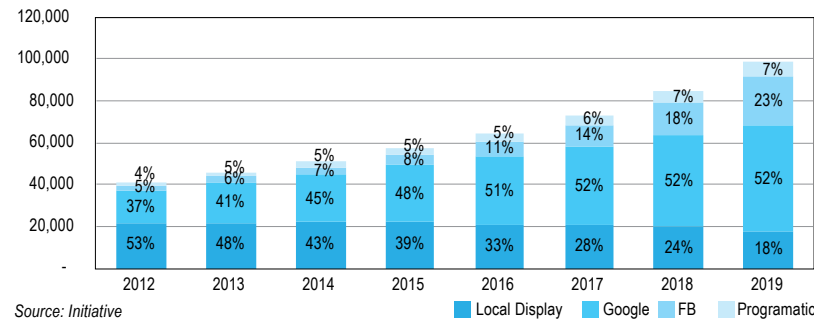
display reached 17M Euro (-13%). Programmatic (excluding Google tools) maintained an increase of +31%.  
\*Note: versus previous MFB editions, advertising on Yahoo is included in programmatic.

### RO DIGITAL AD SPEND ('000 EURO)



Source: Initiative

### BUDGET SPLIT - PLATFORMS ('000 EURO)



Source: Initiative

The yearly trend in our past estimations is confirmed by the ROADS study, made by IAB Romania and PWC Romania as a tool for tracking digital ad spending by industry and format, providing a detailed analysis of the digital media market. It should be noted that IAB figures for yearly digital spending have usually been lower than Initiative estimates, but the trend is similar.

in Romania, and 74% of total spending on social and search ads. Our reports have focused, historically, on major advertisers, whose digital spending we estimated at around 100M Euro, for the last year. We believe that adding the “long tail” of SMEs, mostly active on Google and Facebook platforms, would take the total to around 300M Euro. This is below an estimation by Statista, which puts the Romanian digital market just above 400M Euro. But it should be noted that Statista uses a methodology based on macro data, rather than advertising market dynamics.

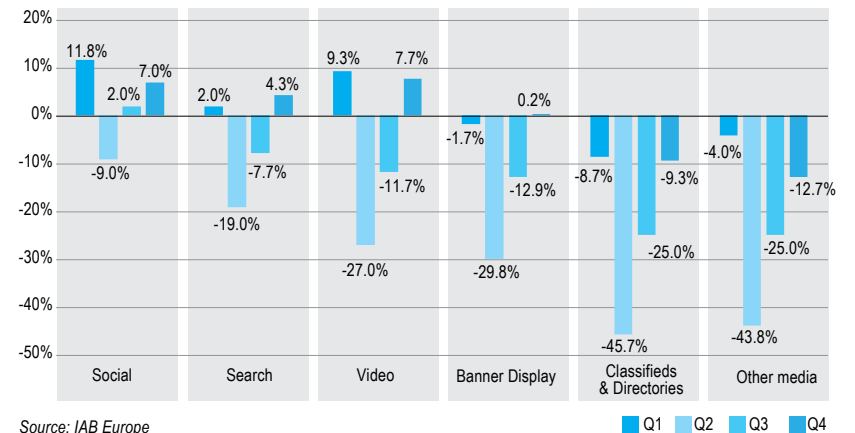
Generally, the digital ad sector is very attractive for SMEs. According to IAB statements, these smaller players represent 72% of total digital spending

## COVID-19 AND PERSPECTIVES FOR 2020

In the current context, IAB Europe estimates decreases for all formats in 2020, but with a smaller influence on Social and Search – which are expected to get

a significant recovery in Q4. Also, Video is expected to have a faster recovery, growing by 7.3% in Q4, after losing 26% in Q2, and 12.7% in Q3 respectively.

### EUROPE: DIGITAL ADSPEND BY FORMAT 2020 (FORECAST)



Source: IAB Europe

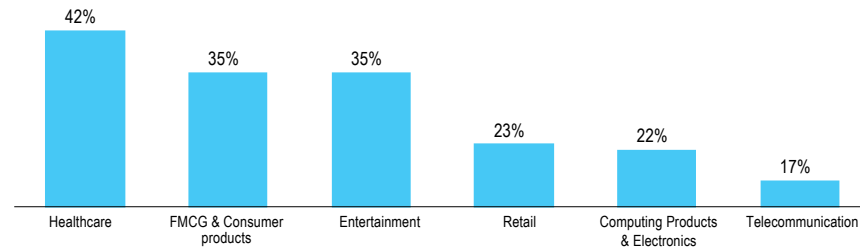
For the Romanian digital market, an overall decrease of 7% is estimated, mainly driven by local display, especially if we only consider big advertisers. We are keeping an optimistic expectation that Q4 will drive a recovery of the loss from first quarters.

This will be sustained mainly by platforms capabilities to deliver positive results at scale, people who experimented more and more digital services (from media to almost any service) – a new habit that will last for a long time, and of course, by companies opening their arms towards digital. There are various scenarios taken into consideration for 2020, but

the most important variables will be the population's consumption/ buying behavior, which will depend deeply on their buying power (most likely decreased), mood (more careful) and, of course, regulations that can temporarily stop any activity at any time.

Meanwhile, in the beginning of 2020, at European level, some major industries have grown their ad spend significantly: Healthcare, FMCG, Entertainment, Retail, IT and Telecom - an indication of different impact of pandemic depending on sector. Recovery may be tougher for small advertisers.

#### INDUSTRIES THAT HAVE INCREASED AD SPENDING IN JAN - 10 APRIL 2020 (YOY)



Source: IAB Europe

While major marketers can get back online quickly (with debt financing or cash reserves), SMEs don't have the same resources. This leads to an increased medium-long term risk of a downturn if SMEs collapse, making government stimulus critical.

In the longer term, this could be a point of inflexion for the way we work, triggering a switch (back) towards home, away from business centers. For digital media and online businesses, this can mean a new set of rules in reaching people – from content consumption to device usage, time bands and reactions to online stimuli.

## OVERVIEW

Following the trend of the last past 3 years, 2019 added another 5% growth in overall OOH market reaching an estimated net investment of 32 M. Euro.

Although in 2018, the OOH Company of the City Hall approved the Implementation Norms necessary for OOH law enforcement in Bucharest, there were no major changes and business pursued its organic growth in standard and temporary big formats. 2019 also had a busy electoral calendar with European and Presidential elections. All the above delayed the implementation

of the new OOH norms. Just as a reminder, the OOH Law draws a new background for the industry, setting new rules, limits and imposing strict standards. Among them, the off-limits areas where outdoor advertising is still possible, the specific types and sizes of supports that can be used, and the exceptions from the rules.

Last, but not least, the OOH Law requires that panels are installed in public places only after a public auction has been conducted, which puts almost every OOH advertising structure currently situated in Bucharest public areas outside the new legislation.

Boosted by an ever-growing market, the clutter continued to accumulate, and advertisers reached for new innovative ways to communicate through oversized 3D, interactive special projects. Continuing the 2018 trend, the standard formats in Bucharest capped prices at maximum 5% inflation but charged up to 25% more for special projects media costs. On the other hand, standard locations went up to 30% in cities such as Craiova, Arad, Braila and others, the main reason being the implementation of the OOH law and local norms. Metrorex kept on increasing media fees, reaching an unprecedented 40% inflation.

# OOH



Retailers maintain an undisputed first position in OOH communication, followed by pharma, banks and gambling advertisers.

BRAT continued its traffic tracking study for 11 main cities: Bucharest, Cluj, Timisoara, Constanta, Craiova, Brasov, Ploiesti, Bacau, Sibiu, Oradea and Iasi.

The research is structured in 3 stages:

- The mobility study – 10k questionnaires
- An inventory of the eligible locations – there are 14,115 units
- Data modeling

The study has reached its third stage, and Cuende Infometrics is expected to deliver the first results in 2020.

Some data was brought to our attention before the official information:

1. the average time spent outdoors amounts to:
  - 169 minutes/week
  - 175 minutes / weekend
  - Avg 171 minutes from Monday to Sunday
2. the top 3 cities for spending time outdoor are Craiova, Constanta and Bucharest.
3. on average, a person travels 14,5 kilometers in weekdays and 13,2 kilometers in weekends. The longest daily distances are covered in Constanta, Bucharest and Timisoara.

Everything previously mentioned is going to be complementary to the current OOH Monitoring System.



## OUTDOOR ADS

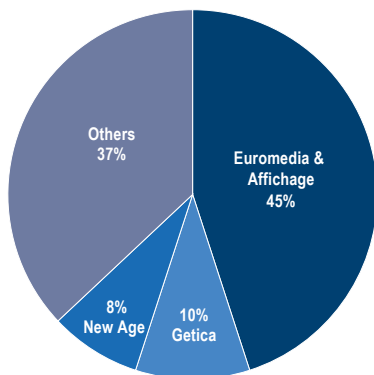
There was no major auction, which allowed the OOH players to consolidate their existing positions in the market and focus on services and sale policies.

We are expecting another Metrorex auction in 2020 to nominate the suppliers that are going to operate the subway train fleet.

Same as in past years, although Euromedia succeeded in negotiating competitive sale packages, in Bucharest transit media contracts can still be signed directly with STB (RATB), the public transport company.

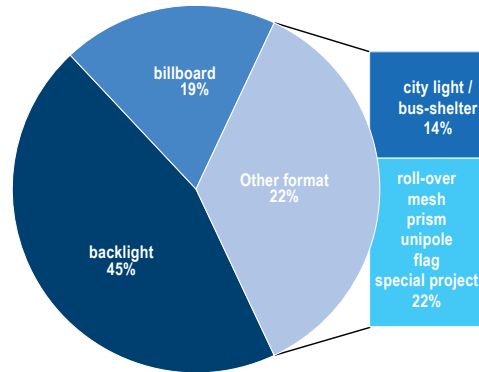
The 2019 estimated market shares for the main vendors are: Euromedia & Affichage Romania (45%), Getica (10%) with a significant fragmentation (45%) within smaller providers.

### SHARE OF MARKET - VENDORS



Source: Initiative

### SHARE OF MARKET - FORMATS



Source: Initiative

OOH players continued to build up their Bucharest and national networks, the most dynamic ones being Euromedia and New Age Advertising.

In terms of format types, network development was concentrated mostly on backlit, the dominant format in the local outdoor industry, with an estimated 45% of the locations, followed by billboards with 19% and city lights / bus-shelters with 14%. The rest of 22% mostly consist in roll-overs, meshes, prisms, unipoles, flags and special projects.

## INDOOR ADS

Brand Management remains the main player in the indoor and in-store categories.

There were no significant changes within the indoor campaigns investors ranking, the highest budgets continued to come from Banking, followed closely by FMCG, Automotive, Entertainment, Airlines and Fashion industries.

Indoor ads in office buildings continued to be a part of the main indoor segment. The main players are Elevate and Invent Media. The largest budgets were allocated by Banking, FMCG, Automotive, Airlines and Pharma.

Info Sanatate is the only niche player providing Digital Signage TV Analytics, the first frequency study for indoor advertising implemented in our country. The study was conducted by GBD Research and is endorsed by organizations such as ARMA & ARIA.

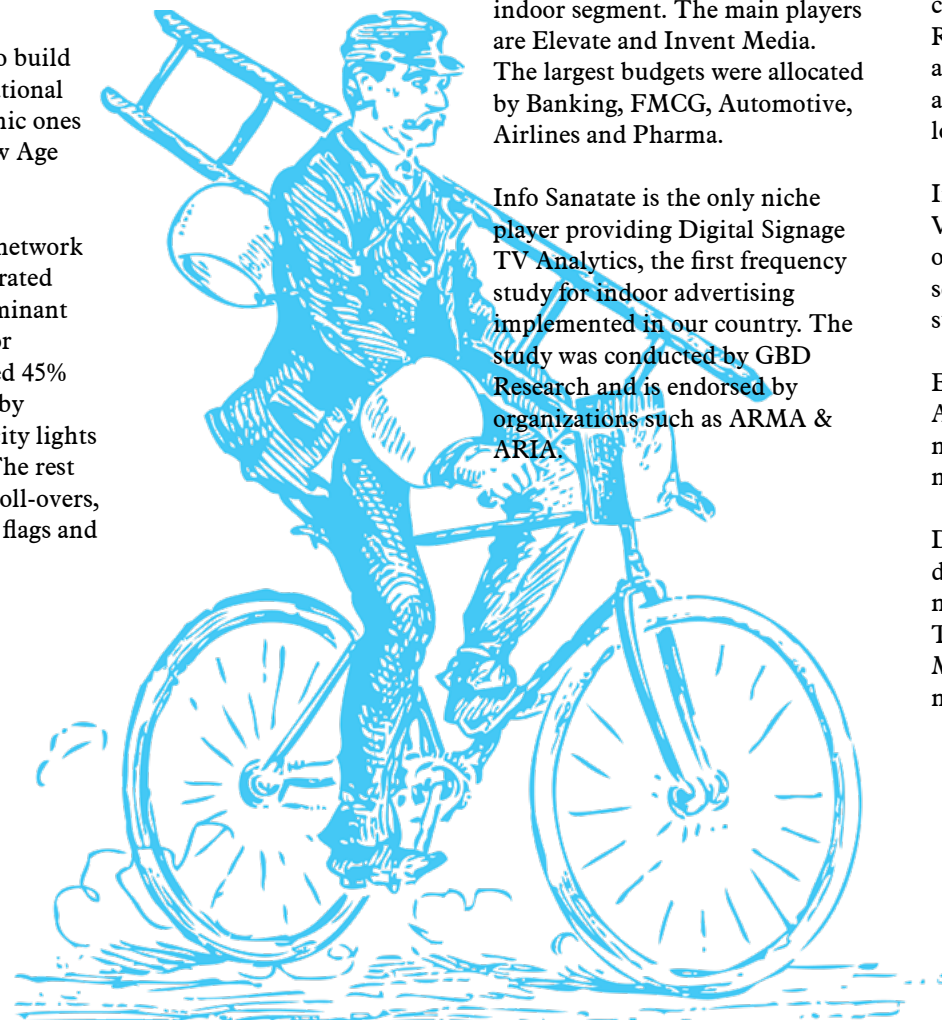
## DIGITAL OUTDOOR

As expected, Phoenix Media remains the market leader, being the only Romanian DOOH supplier able to deliver audience related data, handling an integrated service platform which allows its clients to manage their campaigns in real time conducting Real Time Biddings. Recently automatic monitoring was made available for the Bucharest locations.

In 2017, Media Advertising and Vision Media Plus continued to operate in the Digital outdoor segment with their existing support networks.

Euromedia and New Age Advertising entered the DOOH market breaking the ground with new competitive formats.

Digital Indoor is using plasma displays distributed across networks in crowded places. Blitz TV maintained its contract with Metrorex for the subway LCD network.



## COVID-19 AND PERSPECTIVES FOR 2020

As the quarantine was enforced, car traffic in Bucharest decreased only by 20%, with rare spikes up to 35% in some occasions, according to traffic reports by Phoenix Media. However, pedestrian traffic almost came to a standstill. Although downtown traffic decreased, the residential areas maintained steady numbers.

Nevertheless, OOH budgets were slashed.

Some budgets were completely removed by advertisers such as Coca-Cola, who chose to donate the entire local advertising budget to the US fight against COVID-19. Others announced a temporary 3 months hold, or just slashed between 20% to 40% of their spending plans.

Most advertisers continued OOH communication, adapting their messaging to the new reality. Suppliers such as Euromedia, Phoenix Media and New Age Advertising supported them with free media space for humanitarian and educative campaigns, increasing awareness about the risks which come from exposure to this virus.

As of mid-May 2020, the prices were temporarily dropped with

an average 20% only up to August or September, when everybody expects to make a better educated assessment of the situation.

We are expecting a reasonable boost starting with 15th of May, which marks the end of quarantine, but we remain cautiously moderate in expressing any optimism for the near future.

Although business as we knew it has changed and is not likely to be the same any time sooner, some development plans for the OOH market, previously announced, may still come true.

Metrorex had announced a new auction for the subway train fleet. It is expected to be postponed until new data is available.

Phoenix Media reaffirmed their commitment to increasing their network by 50%, mostly new locations being placed in the main cities around the country.

Euromedia is expected to maintain a steady growth for their new DOOH network.

The overall COVID-19 impact on the 2020 OOH market is expected to reach -30% in spending, with an estimated total of 22 M.Euro.



# OVERVIEW

2019 proved to be a fruitful year for the Radio industry, as the market managed to sustain the previous year growing trend of 10% in ad spend, up to 28M Euro.

Radio stations continued their effort to consolidate advertising revenue shares by being very active and creative in offering special media packages, integrating radio airtime and digital properties, especially social media, putting together attractive marketing campaigns, being partners in big, successful concerts and special events.

In this context, several marketing campaigns and events were implemented by the Radio trusts. Some of the most notable ones were:

- **Kiss FM** – *Party charter on air on the way to Untold* – Kiss FM, together with Partydul Kiss FM, flew with 100 passengers to Untold music event and back, starting a unique warm-up party on air, at a height of 1000 meters.
- **Magic FM** – in 2019 *Santa's Radio* was the host of the Christmas party for children. For 15 days, over 20 groups of children from Bucharest kindergartens and schools were the stars of the station. They have come together and danced live on most popular Christmas songs from around the world.

- **Rock FM** – *Morning Glory cu Razvan Exarhu - Romania are sânge de rocker!* – in the context of the severe need for blood donations, the morning broadcast together with the Bucharest Blood Transfusion Center launched a national campaign called “Romania has a rocker’s blood”, to increase the number of blood donors.

- **Kiss FM, Magic FM, Rock FM** – organized during summer in Constanta the biggest Romanian music festival, *One festival*, which brought together on the same stage, during four weekends, the most famous Romanian voices.

- **Europa FM** – broadcast on December 20th a special edition of the morning show *Desteptarea*, live on the balcony of Timisoara Opera House, celebrating 30 years from the 1989 Revolution.

- **Virgin Radio** – *Talent Hunt* – covered over 20 high schools in Bucharest, with the winners performing on Virgin Radio’s stage and the jury being made of Radio listeners.

- **Radio ZU** – *Forza ZU* – the 2019 edition was held in Galati in May, gathering over 30 Romanian artists, over 100 hits and over 60.000 people.

- **Radio ZU** – 8 DJ’s were on air 24/7 supporting the 4th edition of the *Orasul faptelor bune* - social campaign in Oradea during the pre-Christmas week, an event meant to make people’s wishes come true.

- **PRO FM** – continued the tradition of concerts held on the 8th of March, *Pro FM Supergirl* and also *PRO FM On Top*, the only concert ever held on the roof of the House of Parliament.

- **Digi FM** – *Apus Acustic si Apus LIVE* – famous young Romanian artists (Smiley, Irina Rimes, Feli, Antonia) concerted on the Promenada Mall roof.

- **Digi FM** – celebrated 4 years on air, with a special guest Bryan Adams and concert in Cluj-Napoca.

- **Radio Guerrilla** – *Guerrilla Camp* – a campaign designed to support Romanian start-up entrepreneurs. 237 business ideas were submitted in qualifications, 15 qualified in *Guerrilla Camp*, generating over 140 dedicated live shows, over 100 video and audio recordings.

Besides the big events, in 2019 the Radio market registered some additional changes, especially in ownership, acquisitions and coverage:

- **Smart Radio:** Adrian Sarbu joined Marius Tuca as majority shareholder.
- **Radio Impuls:** Dogan Media overtook in March the Radio network and in July expanded

the portfolio to 10 cities, by adding Craiova license.

- **Radio Guerrilla:** extended its coverage in Cluj-Napoca (using the radio frequency of Napoca FM) and in Brasov (using the radio frequency of Tex FM), reaching in total 20 cities.
- **Radio ZU:** added a new frequency to its network, in Focsani.
- **ASHA Radio:** launched in March as an online Radio platform for listeners under 25 years old, including a site (Asha.ro) and an application (ASHA) where young listeners can find special content generated by the Asha Team.

Local radio stations continued to be an important communication vehicle for advertisers who need to engage with consumers at local level, in their day-by-day life context, sending custom messages based on the location of their listeners.

Therefore, in 2019, local radio stations came forward with a wide range of advertising packages incorporating special projects, contests and live actions, besides regular airtime.

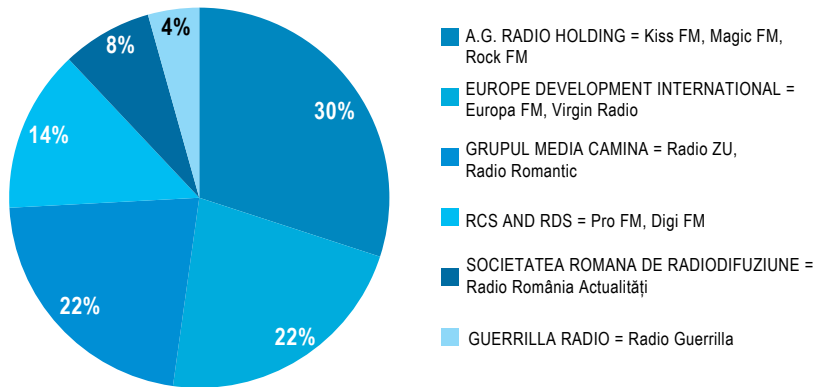
ARBOMedia remains the leading sales-house for local radio through its partnership with more than 90 stations, covering almost all counties. In 2019, the sales-house extended its offering with Jurnalul FM Network (5 licenses in Moldova), Mesagerul FM Bacau, Nova FM Brasov, and Szepviz FM Miercurea Ciuc.

## MARKET ANALYSIS

AG Radio Holding consolidates its market leadership with a 3% increase of Rate Card volumes vs 2018, while Europe Development International and Grupul Media Camina are both on the second place with 22% market share, both decreasing compared to the previous year with 2% and respectively 1%. RCS&RDS was

stable on the fourth position with 14% (1% increase vs 2018). The public Radio, Societatea Romana de Radiodifuziune kept the 5th place with 8% market share (1% increase vs 2018), while Radio Guerrilla ranked 6th with 4% market share and a 1% drop compared to the previous year.

### SHARE OF RATE CARD REVENUES BY MEDIA GROUP



Source: Media Monitor BRAT (Rate card revenues)

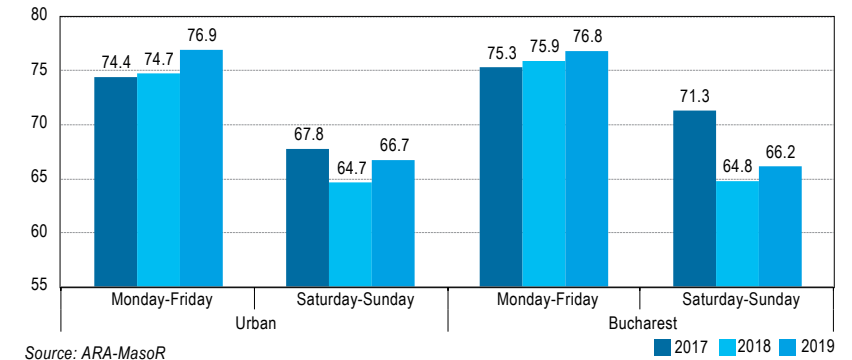
## AUDIENCE ANALYSIS

While in 2017 and 2018 Radio audience was stable during week days, in 2019 daily reach increased significantly at urban level (+2.2pp) and marginally in Bucharest (0.9pp), as people increased their Radio consumption during their daily activities due to the availability of more affordable technologies, which enabled enhanced

smartphones audio streaming capabilities.

Radio performance had an opposite trend during weekends, daily reach dropping significantly in 2018, and a modest recovery in 2019 in urban (+2pp) and Bucharest (+1.4pp), but still significantly below 2017 performance.

### DAILY REACH (%) EVOLUTION

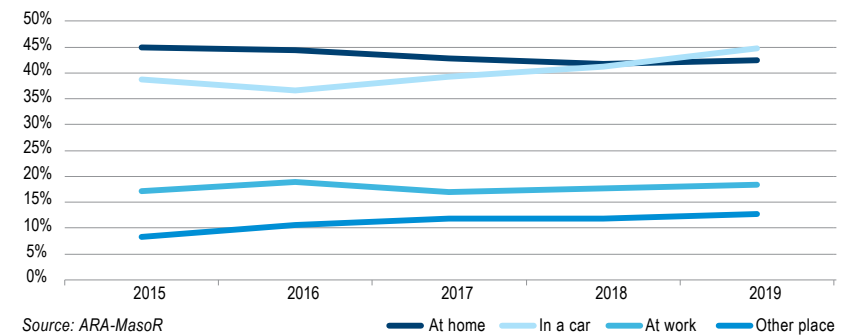


Source: ARA-MasoR

In 2019, for the first time ever, in-car listening (+3.6pp) surpassed at home listening (+0.8pp).

Most likely, this evolution is due to the busy car traffic, resulting in more time spent on the road.

### PLACE OF LISTENING - DAILY REACH (%) EVOLUTION - URBAN 11+ MONDAY TO FRIDAY

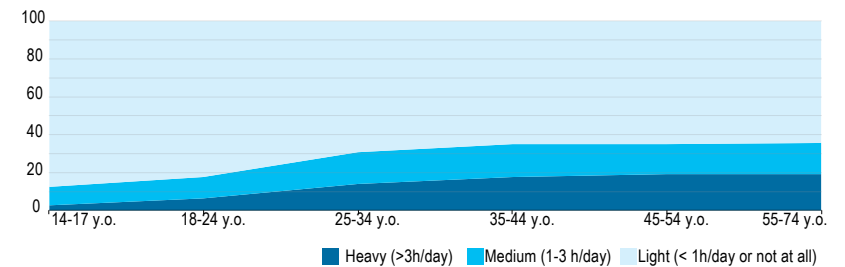


Source: ARA-MasoR

In general, 82% of the urban population spends up to 3 hours/day listening to Radio programs, but the consumption frequency tends to vary significantly by age group: the youngest age group (14-17 years old) shows the

lightest usage, while medium to heavy consumption is growing starting with 25 years old and remains stable after 35+ years old, making Radio an effective media vehicle in campaigns targeting the adult population.

### LISTENING PREFERENCES BY AGE GROUPS



Source: SNA FOCUS CAPI FEB18-IAN20, 14-74 ani, All urban, Weighted sample

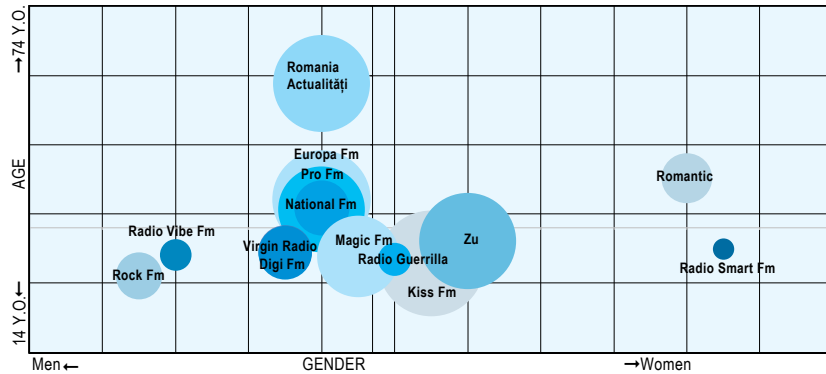


Mapping the urban Radio audience by age and gender, we can see that the public station Radio Romania Actualitati is preferred by mature listeners with a male skew of the audience profile and low to medium education. At the opposite side, Rock FM and Vibe FM are listened mostly by young, highly educated men, while Europa FM and Pro FM have a higher preference among the mature educated male audience.

Women are more present in the Kiss FM, Radio Zu and Radio Guerrilla listeners profiles, with high penetration among women

25-45 y.o. with medium to high education, while Romantic FM and Smart Radio have a higher affinity among highly educated women.

Surprisingly, Digi FM and Virgin Radio overlap on the young, educated male 25-35 y.o. audience segment. The two stations were perceived as having a completely different age structure – Virgin Radio younger and Digi 24 more mature. Another surprise is Magic FM’s audience profile, balanced by gender, as it is traditionally perceived as more appealing to women.

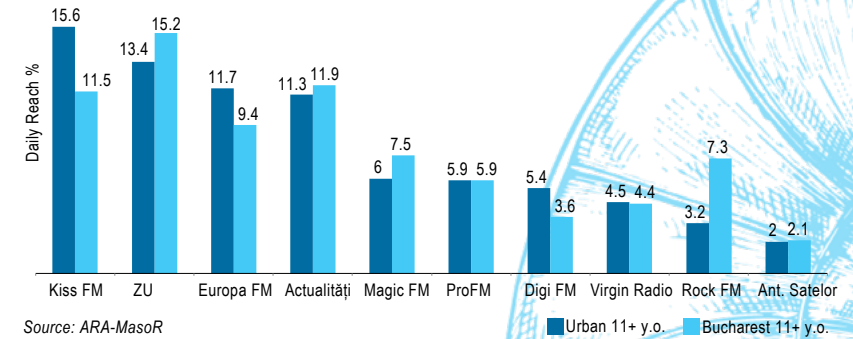


Source: SNA FOCUS CAPI FEB18-IAN20, 14-74 ani, National, Weighted sample

Radio ZU remained the leading Radio station in Bucharest, with a slight growth in daily reach (+ 0.8pp vs 2018), followed by the public station Radio Romania Actualitati (+0.8pp vs 2018) and Kiss FM (+1pp vs 2018). With an increase of 1.6pp vs 2018, Europa

FM stayed number four, while Magic FM ranked fifth despite a marginal drop of 0.2pp vs 2018. With a very dynamic evolution, Rock FM (+1.5 pp vs. 2018) reached sixth place with 7.3% daily reach, followed by Pro FM with 5.9% (-0.5pp vs 2018).

### TOP 10 STATIONS URBAN VS. BUCHAREST



Source: ARA-MasoR

At urban level, Kiss FM consolidated its leadership with a 0.6 pp higher daily reach, followed by Radio ZU with 13.4% (+0.8pp), reducing the gap. Europa FM went up on third place, achieving a significantly better performance (+1.9pp vs. 2018), slightly overtaking Radio Romania Actualitati.

The second tier of Radio stations, Magic FM (6% daily reach), Pro FM (5.9% daily reach), Digi FM (5.4% daily reach), Virgin Radio (4.5% daily reach) and Rock FM (3.2% daily reach) had an even more dynamic increase of their daily audiences (from +0.9pp to +1.8pp).

## COVID-19 AND PERSPECTIVES FOR 2020

Radio has always been about companionship. As the COVID-19 crisis developed from mid-March and more people spent time at home, at this time of isolation radio might have been, more than usual, an important voice in the room.

Keeping the public informed at this difficult time was challenging and it is particularly interesting to see how the most important Romanian Radio stations adapted to the new reality.

Here are some examples:

- The Europa FM Radio content was generated by experienced journalists, opinion leaders from various areas as well as tough analysts who were in daily contact with Romanians and their problems, fears and emotions. It was all about solidarity, hope and the pursuit of the truth. All the voices that matter during this crisis times could be heard on Europa FM, making themselves useful in these extremely difficult, uncertain and unprecedented times.

- With frequent news programs and permanent interaction with the public in all its broadcasts, Europa FM tried to feel the street pulse, to build and share with its public the profile of the Romanian society in these terrible times. Special broadcasts were aired daily, to provide a concise summary of the most important events, useful info, guidance and recommendations in a transparent and professional way.
- Kiss FM, Magic FM & Rock FM, with their campaign *#impreuna Solitari si solidari - Ramanem impreuna chiar si la distanta*, have been offering free airtime for civic initiatives which needed a mass market support at this time. Each of them created special sections in their websites, where people could find civic initiatives aimed to make life better for those facing difficult times.
- Radio ZU was one of the firsts to provide their public with comfort and emotional support during the lockdown, not only through news updates, but also with Romanian music hits and involvement of music artists.
- Radio ZU launching a new campaign, *#10lasutapentruromania*, aimed to support the health system by donating 10% of its April advertising revenues. The radio station invited their

business partners to engage with the cause and support this fundraising campaign to support hospitals and medical staff with modern technology and medical equipment.

We cannot ignore the severe financial effects of the pandemic, which is already affecting most economic sectors. While the highest impact is expected on small and medium enterprises, advertisers from Pharma, Retail and Telcom continue to be active on radio, associating their messages with the high impact and immediate awareness brought by this media channel.

Before the pandemic, our forecast for the Radio market was positive, as budgets for January and February had been at the same level as the previous year.

The impact of the lockdown in March led to a 25% decrease of the budgets, compared to March 2019, and affected up to 50% the budgets in April and May. Starting from June, revenues are in a slight recovery.

During September-December, Radio is expected to compensate for part of the revenues lost in the first half of the year but will not manage to recover completely. Summing up, the 2020 impact on the Radio market is currently estimated at -29%, a serious decrease, which would mean that a 2-digit comeback in 2021 becomes imperative.



# OVERVIEW

In 2019, the estimated Print advertising revenues were of 12.1 M Euro, dropping by 5% vs the previous year, as the distribution networks problems persist, with high impact on print advertising investments.

Print editorial content continued to migrate towards digital platforms as the press readers, and implicitly sold circulations continued to decrease with each new wave of audience measurement. In November and December, two well-known women magazines closed their print versions, *Marie Claire* and *Femeia*, the latest ending its 150 years life as print title, to become online content. The same decision was taken by *Evenimentul Zilei*, a top general interest daily, which became exclusively online on the 1st Jan 2020, after almost three decades in print format.

Despite the grim outlook, some notable events were noticed:

- The October issue of *Unica* women magazine released with three local male stars on the first cover Andi Vasluianu, Smiley and Alex Dima, being the second time in the magazine's 20 years history not to have women on the first cover.
- Also, in October, *Cosmopolitan* magazine celebrated 20 years since the launch on the Romanian market, with 20 different designs for the first cover.

The regional press mirrored the national press downtrend, with more and more titles closing or restraining to online versions, some examples being *Glasul Hunedoarei*, *Replica* and *Gazeta de Teleorman*. Despite this negative context, some local publications managed to maintain a high interest in their content and support significant circulation levels, some of the most successful being *Jurnalul Aradean*, *Bihari Naplo*, *Jurnal Bihorean* and *Sibiu 100%*, proving that in some regions local titles continue to be treasured by the local communities.

In terms of advertising sales, ARBOmedia remains the biggest sales house for local media, continuing to trade the most important local titles from across the country. In order to defend their advertising revenues, print

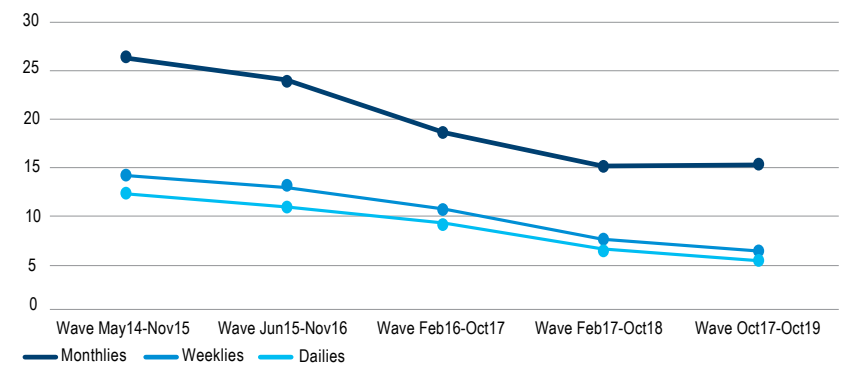
publishers have permanently adapted their package offers structure, increasing the focus on the digital exposure, integrating video content on their sites and continuing to offer creative flexibility through tailor-made printed supplements.

## MARKET ANALYSIS

The readership decline was steeper in 2019 compared to the waves from the previous years. The coverage for dailies and

weeklies dropped on average with 17-19% compared to previous year, while readership for monthlies increased on average by 1%.

COVERAGE EVOLUTION (%)



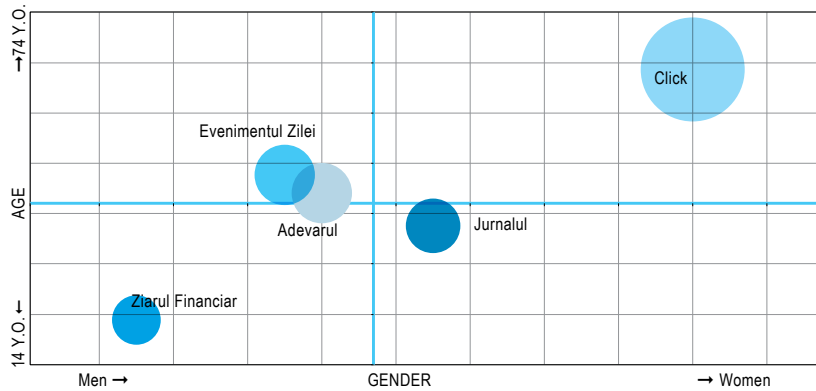
Source: SNA FOCUS CAPI FEB18-IAN20, All 14-74 ani, National, Weighted sample

On the other hand, readers' preferences are quite stable across the years: women continue to prefer glossy magazines with specialized editorial content (beauty, fashion, lifestyle and career), followed by weekly publications focused on more

practical topics, such as childcare, housekeeping, healthcare, cooking. In 2019, the male audience remained constantly interested in daily newspaper, with a marginal increase for weekly and monthly business titles.

Looking at the reader profile for daily newspapers from a demographic perspective, *Click* reflects the most mature profile, dominated by women, while general interest publications *Adevarul* and *Evenimentul zilei* profiles are very similar, with a

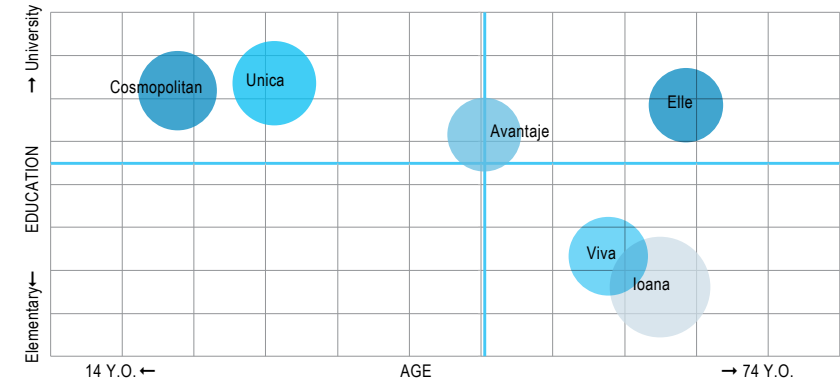
predominant male 44-54 y.o. base of readers. On the other side, *Jurnalul* reflects a more balanced gender ratio and an important 34-44 y.o. age profile, while *Ziarul Financiar* has a predominantly young urban men audience profile.



Source: SNA FOCUS CAPI FEB18-IAN20, All 14-74 ani, National, Weighted sample

Women's glossy magazines remain the largest print category on the market, due to the high interest urban women continue to show for beauty, fashion and lifestyle content. *Cosmopolitan* and *Unica* keep their younger age profile of 20-35 y.o. and high education with interest in fashion and design trends. *Avantajele* covers best the accomplished women 34-44 y.o. with medium to high education, who are highly interested in real

life stories. With the same age profile 45+ y.o. *Viva* and *Ioana* cover low to medium educated women with a topic range from practical advice to glamorous stories about the life of local and international celebrities. *Elle* continues to be the glossy magazine for urban educated readers with a high interest in international fashion design and beauty trends, women who have a sophisticated personal style.



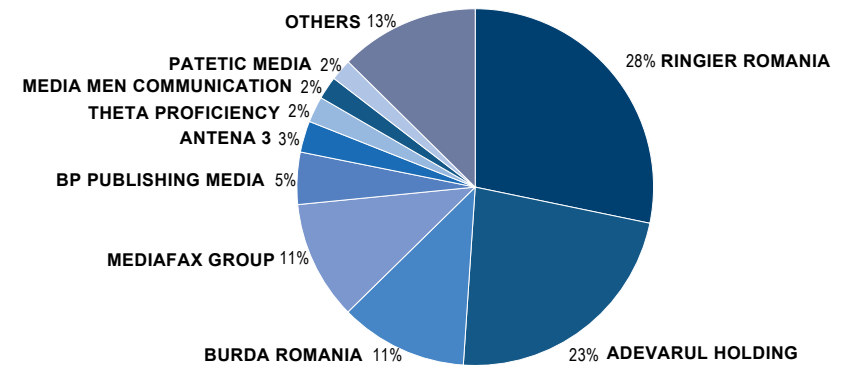
Source: SNA FOCUS CAPI FEB18-IAN20, All 14-74 ani, National, Weighted sample

In terms of rate card advertising revenues, Ringier maintained its first position with 2% increase compared to 2018, due to a large portfolio of titles which are market leaders in their segments.

With a flat evolution Burda and Mediafax (*Ziarul Financiar* and *Business Magazin*) are both on the third place reflecting the same market share (11%). The last in top five comes BP Publishing (*Forbes, Forbes Life, Forbes Kids*) which gained 1% market share vs 2018.

Despite the 2% decrease, Adevarul Holding remains on the second position as a result of sales policy based on package deals and tailor-made supplements.

SHARE OF RATE CARD REVENUES BY MEDIA GROUP (W/O BARTERS)



Source: MediaMONITOR BRAT

## COVID-19 AND PERSPECTIVES FOR 2020

2020 was supposed to be a very important year for publishers, given the two major sports events scheduled during summer, the European Football Championship and the 2020 Tokyo Olympic Games, both cancelled due to the pandemic impact worldwide. More than that, all sports events were either cancelled or postponed, which will generate a major negative impact on the advertising budgets traditionally invested by brand categories associated with sports.

The cancellation of all cultural and social events during the quarantine will also negatively impact publishers' advertising revenues, as offers were built as integrated print and online exposure packages.

During lockdown, several publications adapted their release

to “e-paper”, such as Mediafax (*Ziarul Financiar* and *Business Magazin*), business magazines (*Newsweek*, *New Money*) or used “e-paper” complementary to the print edition (*Elle*, *Avantaje*, *Unica*, *Viva*).

This creative solution used by publishers to adapt to the new crisis, the e-paper, could represent the tipping point for publications and their readers towards higher digital content consumption. As publishers will continue to develop online, and video content and will strengthen their social media presence, printed press will get a much smaller share in their advertising revenues, as business and consumers media habits will move forward.

In 2020, the print market is expected to further drop by 61%.

## LIST OF ABBREVIATIONS

ABC = ESOMAR Social Grades – a classification system based on socio-economic status, often used to describe a profile of users or target customers

Adv. = Advertiser

ANSPDCP = National Authority for the Supervision of Personal Data Processing

ARIA = Romanian Association for Indoor Advertising

ARMA = Romanian Association for Audience Measurement

Avg. = Average

AVOD = Advertising-based Video on Demand

BRAT = Romanian Joint Industry Committee for Print and Internet

CME = Central European Media Enterprises

CMP = Consent Management Platform – a process that allows a website to meet GDPR regulation by obtaining user consent for collecting their data through cookies during their visit

COPPA = Children's Online Privacy Protection Act

CPCV = Cost Per Completed View

CPM = Cost Per Mille – also known as Cost Per Thousand

CPP = Cost Per Point

CPT = Cost Per Thousand

CTR = Click-Through Rate

DOOH = Digital Out-Of-Home

DTH = Direct to Home

DV360 = Display & Video 360 (Google Display Platform)

EBRD = The European Bank for Reconstruction and Development

ESOMAR = European Society for Opinion and Marketing Research

FMCG = Fast-Moving Consumer Goods – a category of products with low profit margins and with a short shelf life because of high consumer demand

GB = Gigabyte

GDP = Gross Domestic Product

GDPR = General Data Protection Regulation

GPeC = The most important e-commerce and digital marketing event in Romania

GRP = Gross Rating Point

HoReCa = The abbreviation used for the food service industry (Hotel, Restaurant, Café)

IAB = Interactive Advertising Bureau – the European-level association for the digital marketing and advertising ecosystem

IT&C = Information Technology and Communication

K = Thousand

KPI = Key Performance Indicator

M = Million

Mbps = Megabit per second

MOAT = Measurement and Operations Analysis Team – an analytics and measurement company that offers viewability, attention and brand safety solution across display, video, mobile and more

OOH = Out-Of-Home Advertising

PMP = Private Marketplace

pp = Percentage Point

PT = Prime Time

Q = Quarter

ROADS = Romanian Online Advertising Study – a study made by IAB Romania and PwC Romania

Rtg. = Rating

SATI = Internet Audience and Traffic Measurement – a measurement system developed by the Internet Department of BRAT

SATI PMC = Consent Management Platform, used by SATI for collecting user consent

Shr. = Share

SME = Small and Medium-sized Enterprise

SOV = Share of Voice

SP = Special Projects

SSP = Supply Side Platforms – the publisher equivalent of a DSP, defined as a tool used to coordinate the supply and distribution of ad inventory to and from advertisers

TTV = Total TV Audience

U = Urban

WW = Worldwide

Y.O. = Years Old

YoY = Year over Year – method of measuring statistical changes against the same time period last year

*Initiative*